THE CHINA WEEKLY REVIEW

密勒氏評論報

A Weekly Newspaper Established in 1917

January 13, 1940

Attack on Phillips Shows Dangerous Crisis

An Editorial

Japan and American Sanctions

BY SHINSAKU SHIMADA

Nipponese Threat to Indies

Interview with Mao Tse-tung

BY EDGAR SNOW

Nanyang Chinese Back Chiang for Victory

By John Ahlers

VOLUME 91 PRICE 50 CENTS NUMBER 7

HONGKONG SHANGHAI TIENTSIN

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What People Are Saying

Comments from readers on current topics are cordially invited; their opinions, however, do not necessarily represent the views of *The China Weekly Review.*

FRIENDS OF FINLAND

To the Editor:

1940 is destined to become the crucial year in the modern history of mankind, and whether or not we shall remain free men and women will materially depend on the continued success of Finland's stand. The breathing space which nature may bestow for a brief period upon those tired but indomitable men must be used by all who prize liberty and fair play to render all possible assistance. May the pages of history dealing with the present phase of the human struggle towards reason be illuminated by principles transformed into practical measures for the reinforcement of the modern Knights of the North.

A generous response to the appeal for funds has already been forthcoming from the members of the only real League of Nations—the International Communities of Shanghai—who themselves have witnessed the misery and destruction caused by war and invasion.

Fellow citizens of this cosmopolitan metropolis: Surely you want to share in this demonstration of allegiance to that cause in defence of which the men under the blue cross of Finland's banner are so valiantly fighting.

Remember, the smallest contribution will be gratefully received. All funds are being handled through the Finnish Legation located in the Astrid Apartments, 301 Route Cardinal Mercier.

K. A. PERSEN.

Shanghai, January 4, 1940.

U.S.-JAPAN TREATY

To the Editor:

Local interests fear that the bottom will fall out of business if the U.S.—Japanese trade treaty abrogation goes into effect Jan. 26. From what I hear it will have little effect unless the Japanese slap extra duties on U. S. shipments.

We are about to have an interesting experiment—nationalization of retail business and labor. Looks as if the General Assembly, meeting this month, will enact laws on both questions. Such laws would freeze out many Chinese and Japanese and they are protesting quite loudly.

C.

Manila, Jan. 1, 1940

TWO FUNNY THINGS

To the Editor:

During my stay in Peiping, after it had fallen into Japanese hands, two funny things happened. After having been closed for a long time, the Japese compelled the schools to reopen, although there were few students. All the textbooks, especially in the middle schools, were revised. The word "traitor" in the English text-book, since it did not sound so sweet to the puppets who had been installed in office, was changed to "model citizen."

The other funny thing was that the Japanese language was taught as a school subject. At first, it was made optional and English was permitted to hold first place. The students, however, preferred English to Japanese. Then, in order to flatter their Japanese masters, the puppets made Japanese a required subject in the middle schools. But the students still did not like it and showed their dislike by careless, indifferent study.

The teachers found no way of overcoming the "stupidity" of the students and evaded the lessons in Japanese. They did not oppose the teaching openly, because they wanted to get their pay.

MU WEN-FU

Kunming, Dec. 30, 1939

EXPLAINED TOO MUCH

To the Editor:

I was reminded of the old adage about the man who "explained too much" in perusing a pamphlet entitled "Retrospect and Prospect," which was recently circulated in Shanghai by Mr. Chow Fah-hai, who is a member of the Wang Ching-wei camp. Mr. Chow, long an associate of Wang, was previously Minister of Publicity at Chungking. The public is thus provided with the amusing and unusual spectacle of an ex-government propagandist, who now confesses that he didn't tell the truth when he was in office. But I was more interested in Mr. Chow's explanation of his relations with the Japanese (he recently spent considerable time in Tokyo). In the first paragraph of his pamphlet Mr. Chow stated that although he studied seven years in Tokyo, he didn't have a single Japanese friend. In this long period of seven years, according to his statement, he spent all his time in classes and libraries and had little social intercourse with Japanese students. In the 16 years which have elapsed since returning from Japan, Mr. Chow said that he had not received any Japanese "with the exception of occasional visits from a few of my friends whose wives are Japanese." In short, Mr. Chow declared that he was "not pro-Japanese," and to quote him still further, "a Japanese-returned student like myself is rare and strange." Mr. Chow's purpose, apparently, was to indicate, as he said, that his flop from Chungking to Tokyo, "was not due to Japanese initiative," but as I said in the beginning, he is like the man, "Who doth explain too much."

ANOTHER EXPOSER OF TRUTH

Shanghai, Jan. 10, 1940

THE CHINA WEEKLY REVIEW

Cable Address "REVIEWING SHANGHAI"

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PUBLISHED AT NO. 160 AVENUE EDWARD VII, SHANGHAI, CHINA, BY MILLARD PUBLISHING COMPANY, INCORPORATED UNDER THE LAWS OF THE STATE OF DELAWARE, UNITED STATES OF AMERICA. YEARLY SUBSCRIPTION, FIFTY-TWO ISSUES, TWENTY TWO DOLLARS (CHINESE CURRENCY) IN ADVANCE, POSTAGE INCLUDED IN CHINA AND JAPAN. ADD $3.00 TO COVER EXTRA POSTAGE TO HONGKONG. IN THE UNITED STATES AND FOREIGN COUNTRIES EIGHT DOLLARS U.S. CURRENCY. REMITTANCES FROM OTHER COUNTRIES THAN CHINA AND THE U.S. CAN BE MADE BY INTERNATIONAL MONEY ORDER. ENTERED AS SECOND-CLASS MATTER IN THE CHINESE POST OFFICE AT SHANGHAI IN MAY 1917. BY AIR-MAIL—TO CHUNGKING AND ELSEWHERE IN WEST, NORTHWEST AND SOUTHWEST CHINA THE RATE IS $38.00 A YEAR OR $20.00 FOR A HALF-YEAR.

CONTENTS OF PREVIOUS ISSUES OF THE CHINA WEEKLY REVIEW MAY BE FOUND IN THE "INTERNATIONAL INDEX TO PERIODICALS." COPIES OF WHICH ARE ON FILE IN MOST STANDARD LIBRARIES.

COMMUNICATIONS PERTAINING TO SUBSCRIPTIONS OR ADVERTISING IN CHINA OR ABROAD SHOULD BE ADDRESSED TO THE CHINA WEEKLY REVIEW AT 160 AVENUE EDWARD VII, SHANGHAI, CHINA. TELEPHONE 14741. CABLE ADDRESS "REVIEWING SHANGHAI."

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Demand buying rate on New York: U.S.$1.00—Sh.$12.30

Demand selling rate on London: £1.0.0—Sh.$49.87

Demand buying rate on London: £1.0.0—Sh.$49.91

AMERICAN STOCK AND COMMODITY QUOTATIONS

January 9, 1940

STOCKS	*Opening*	*10.30 a.m.*
Amer. Locomotive	Unq.	Unq.
Amer. Waterworks	11⅞	11⅞
Anaconda Copper	30	30
Bethlehem Steel	80	79¾
Chrysler	88⅝	88½
Elec. Bond & Sh.	8¼	8½
Gen. Motors	54⅝	54½
Goodyear T. & R.	23⅝	23⅝
Gt. Nthrn. Rly., pfd.	Unq.	Unq.
Lockheed Aircraft	30⅛	29⅞
Mont. Ward	54	53⅞
N. Y. Central	17¾	17¾
Texas Corp.	46⅞	46½
U. S. Steel	65¾	65⅜
COMMODITIES		
New York Cotton, March	11.09	11.09
New York Rubber, March	19.40 B	19.50
New York Hides, March	15.05	15.05
Chicago Wheat, May	—	102⅞
Chicago Corn, May	—	59
New York Sugar, No. 4, March	—	1.48 B

B—Bid. A—Asked.

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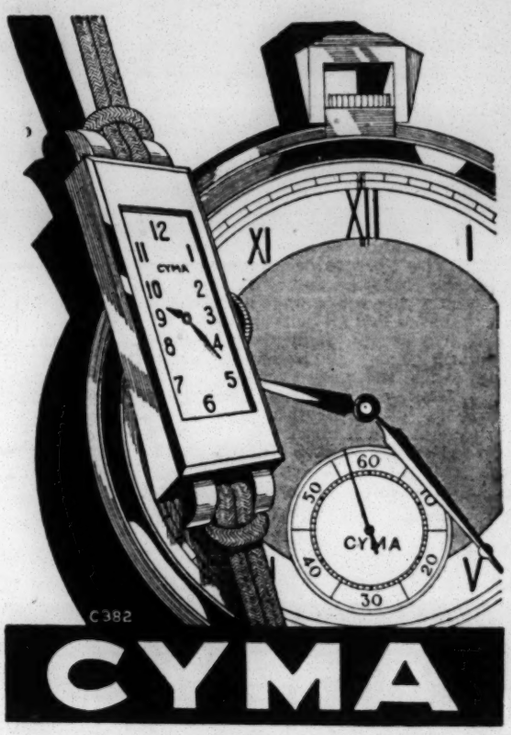

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THE CHINA WEEKLY REVIEW
密勒氏評論報
中華郵政特准掛號認爲新聞紙類
Registered at the Chinese Post Office as a newspaper for transmission with special marks privileges in China

Vol. 91 Shanghai, Saturday, Jan. 13, 1940 No. 7

ATTEMPT ON PHILLIPS INDICATES DANGEROUS SETTLEMENT CRISIS

The attempt of gangsters to murder G. Godfrey Phillips, Secretary and Commissioner-General of the Shanghai Municipal Council—first attack of the kind on a foreign official here—has served to concentrate the attention of the public on the crisis prevailing in the administration and status of the foreign-administered area.

The crisis prevailing in the administration and status of the International Settlement has been brought about by three things—the growth of crime and political gangsterism, the precarious financial situation and Japanese interference. That these three elements have served to bring about a practical collapse of government in the Settlement is generally realized.

Details of the attempt to assassinate Mr. Phillips, highest British official here, appear elsewhere in this issue of *The Review* and while the identity of the assassins and the motive for the crime remain secret, it is generally realized that the attempt to murder a high official of the Settlement was an outgrowth of the situation which has developed here since the Japanese occupation of Chinese territory surrounding the foreign-administered area.

Whether the gangsters who attempted to kill Mr. Phillips were inspired by a desire to disrupt the negotiations which he has been conducting with the Japanese and local Ta Tao officials over the Extra-Settlement Roads question (now deadlocked), or whether they were connected with local gambling and opium joints in the "badlands" area, is not known. An article in *The China Press* alleged that the three men involved in the attempted assassination were taken to the so-called Social Affairs Department of the "orthodox Kuomintang," which is headed by Wang Ching-wei. The *Shanghai Times* quoted a report in the local Japanese military organ *Tairiku Shimbun*, which attempted to place the blame on the Chungking Government which, allegedly, "was trying to disrupt the conversations now going on between the Shanghai Municipal Council and the local Shanghai Special Municipality over the Extra-Settlement roads issue."

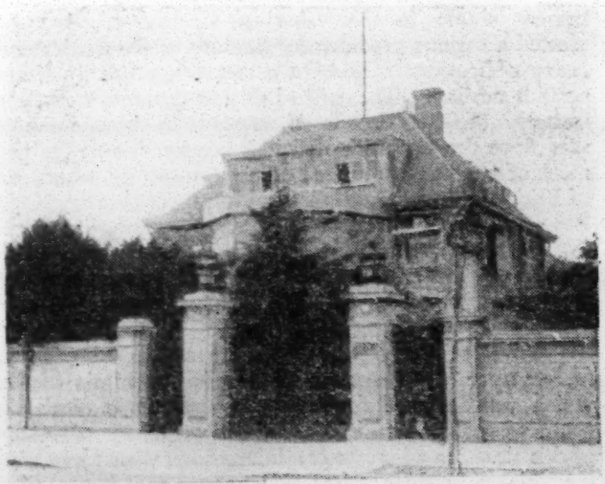
According to the report in the Japanese paper, Mr. Phillips has been taking the leading part in the negotiations on behalf of the Settlement authorities. In his negotiations, Mr. Phillips followed the curious procedure of first visiting the Japanese Consul-General, Mr. Y. Miura, following which he proceeded to the Civic Center for a conference with Mayor Fu Siao-en. Among the first to call on Mr. Phillips and congratulate him on his escape was Mayor Fu Siao-en, who informed the Secretary that the culprits had been arrested and were being detained by the Chinese Municipality. This report was later denied by the Japanese military spokesman and according to a statement published by the Municipal Council of the Settlement on Wednesday, the Japanese again denied that any arrests had been made in connection with the case.

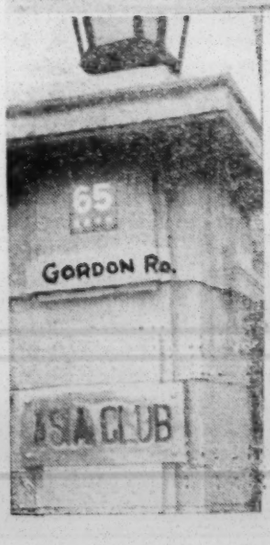
The *Shanghai Evening Post* published a map of the district where the attack occurred, which indicated that the gunmen had fled into the compound of a gambling den where they were detained by bodyguards employed by the institution.

It is obvious that gambling and opium-smoking establishments which have sprung up like mushrooms along the Extra-Settlement roads, such as Jessfield, Yu Yuen, Avenue Haig, Bubbling Well Extension and Great Western, would be deeply concerned about the negotiations being conducted between an official of the Settlement and the Sino-Japanese authorities who actually control the district where the houses are located. A settlement of the controversy over the outside roads might be followed by action of the Settlement authorities to close the gambling and opium-smoking joints.

The Japanese-protected, Chinese-operated gambling houses and opium-smoking joints located in the Extra-Settlement roads area constitute the greatest menace to the peace and welfare of the foreign-administered area. At no time in the history of the International Settlement, extending over a period of more than three-quarters of a century, has such a condition of lawlessness and moral degredation prevailed in the Shanghai district. On various occasions in the past quarter of a century the Settlement police have raided and closed gambling houses operated by Chinese and foreigners. R. T. Bryan, Jr., present Municipal Advocate, was respon-

"New Order" Gambling House





This gambling house is the only one located entirely within the International Settlement. It has never been interfered with by the police, allegedly because the Japanese notified the Settlement authorities that it was a "club, organized for promoting the New Order in East Asia." Foreigners are not admitted. The nightly turnover is said to average $40,000

sible, several years ago, for the prosecution and conviction of a Mexican who was operating a gambling house in the Settlement. But, aside from the conviction of the proprietors and inmates of one house which had aroused the enmity of the Japanese, there has been little interference with activities of some twenty-odd institutions of this character which operate along the roads in the western residential district. (See article in *The Review* for Dec. 30, Page 167).

The failure of the Settlement authorities to take action against these houses has permitted the proprietors of the joints to develop a vested interest in the area where they are located, which will be difficult to eradicate. That they are a source of corruption for Settlement officialdom is obvious. That they constitute a menace to the morals of the community is equally obvious: evidenced in such happenings as the recent prosecution on a charge of embezzlement of a 22-year-old clerk of the Park Hotel who had lost $43,000 of the hotel's money in the Asia Club on Gordon Road and at the Hollywood Gardens on Yu Yuen Road.

⁂

Several days ago, two members of the Municipal Council of the International Settlement resigned. They were J. W. Carney of the Standard Vacuum Oil Company and G. E. Mitchell of Butterfield and Swire, leading British steamship company. In neither case was there an adequate explanation of the reason for the resignation, an unusual action on the part of members of the Council unless they are departing from the city on home leave. The lack of an explanation has led to the circulation of various rumors, the most logical being the serious financial situation which prevails in the Settlement treasury. Owing to short-sighed financial policies in the past, no provision was made for an income in gold currency; hence the present slump in the value of Chinese currency has created a serious predicament because of the Settlement's heavy obligations in foreign currencies, primarily British pounds sterling. The deficit this year amounts to approximately $6,000,000. It is argued in certain circles that since the Council's deficit is largely due to the payment of annuities to retired officials, most of whom are of British nationality, it is logical to expect that the Hongkong and Shanghai Bank will come forward with a loan to tide the Settlement over until increased taxes (of at least 25%) will enable the Settlement to pay its expenses.

⁂

Many of Shanghai's troubles naturally pre-date the arrival of the Japanese and are concerned with the maintenance of a system of municipal administration which was designed for a country village in England a century ago. Certain interests have taken advantage of this situation to create conditions somewhat resembling the link-up between crime and politics which prevailed, until quite recently, in large American cities. A prominent American, who is interested in the welfare of this city, recently stated in the course of an interview in New York that Shanghai probably could be "saved" from Japanese aggression "provided the leaders of the Settlement didn't sell it voluntarily."

Regardless of what happened in the past, the Settlement's present complications due to crime, political gangsterism, corruption, decreased financial support are directly attributable to Japanese military control of the surrounding territory and the inauguration of Chinese puppet administrations which are composed largely of political gangsters brought in by the Special Service Section of the Japanese Army. Lacking courage to launch a direct attack on the foreign establishment here, the Japanese have followed other methods. By seizing the Hongkew section, wherein was located most of the city's industrial and wharfage properties, the Settlement's treasury has been so impoverished that it cannot pay its way—expect by increasing taxes to such an extent that small shop-keepers, property-owners and lease-holders will be unable to pay.

By introducing gambling and the narcotic evil into the so-called western extra-settlement residential area, the Japanese have created the greatest menace to the well-being of the millions, primarily Chinese, who reside in the foreign-administered areas. A perusal of the daily records of the two Special District Courts which function in the Settlement and French Concession will show that most of the prevalent crime originates in the so-called "badlands." Under ordinary conditions, it has been argued on occasion, a government's object in permitting the operation of gambling and opium-smoking establishments would be to obtain needed revenues, combined with the element of exercising control. But in the present instance the gainers are neither the puppets, the Settlement nor the Japanese Army. The only profiteers from the worst system of human debauchery ever seen here are a grotesque crowd of Japanese and Chinese jackals who have congregated under the protection of the Japanese flag and the military authorities who parade under that banner.

Closely associated, in recent months, with the gambling, opium-smoking and dispensing rackets, there has also grown up in that area a political racketeering organization which—unless checked—may actually invade the foreign settlements by armed force. It is an open secret that the police authorities of the foreign areas are nonplussed by the armed strength of the gangsters and bodyguards who protect the political gangs and illegal enterprises which have their headquarters in that section of the city.

That the foreign authorities here have permitted this situation to develop reflects little credit upon the intelligence, moral courage or political perspicacity of those who have been entrusted with control of affairs in the foreign-administered areas since the beginning of the crisis.

But the most discouraging phase of the present situation which menaces the future of the international Settlement as at present constituted, is the apparent lack of interest in the situation on the part of local citizens. Public interest has degenerated to such an extent that no new candidates for the Municipal Council have been nominated for two or three years, thus enabling those in office to continue in power and recruit new members by the system of "co-option." Recently there have been rumors of an attempt in certain circles to get out a full vote of foreign property-owners in order to offset a threatened Japanese attempt to control the forthcoming annual meeting by "voting" all their *property-holders* in Hongkew. In this connection there has also been a recent noticeable increase in Japanese rental of properties "south of the creek."

Kulangsu Again Isolated After Terrorist Attack

On Jan. 9 Japanese naval authorities clamped tight restrictions on traffic between Kulangsu and the mainland following the shooting of two officials of the Amoy Special Municipality by terrorists in the International Settlement the previous night.

Attacked by several gunmen at about 7:30 o'clock in the vicinity of the Customs Club in Kulangsu, Hwang Lien-feng, councillor of the Special Municipality and concurrently president of the Overseas Chinese Association of Amoy, and Lung Pai-ying, former Fukien representative to the Kuomintang National Congress, were seriously wounded. Mr. Hwang was shot in the abdomen and Mr. Lung in the hip. The former was said to be in a critical condition.

Japanese naval authorities took a serious view of the shooting, *Domei* said, and immediately ordered strict control over communication between Kulangsu and the mainland in order to prevent the escape of the terrorists. The authorities believe the gunmen are members of an anti-Japanese organization.

South Seas Chinese Back Chungking for Victory in Hope of Later Support Against Oppression

BY JOHN AHLERS

THE overseas Chinese, and especially Chinese colonies in Asiatic countries, will be of greater importance to their mother country in 1940 than in years past. The home remittances of these overseas Chinese are more important than ever for the equalization of Free China's balance of payments. These remittances cover the bulk of the import surplus of the areas continuing armed resistance against Japan. The overseas Chinese also are in a position to contribute substantially to the materialization of Shanghai's present favorable export prospects. They control the commercial apparatus which is best suited to canalize into British Malaya, the Netherlands Indies, Siam, the Philippines and French Indo-China, the Shanghai-manufactured industrial products which are replacing European goods.

In the British, French and Netherlands colonies in the South, the European war results in a definite, though as yet limited, produce and metal boom. Demand for produce and metals from these colonies has increased, prices there have risen considerably and profit margins are moving upward. Chinese merchants, planters and industrialists out there are visibly benefitted by this development. Chinese labor in the British and French colonies may be a temporary loser in real wages, because of currency depreciation and the rising level of prices. A strong Chinese labor movement, however, started in these colonies last month, and substantial increases in nominal wages have been wrung from mines, plantations, and transportation enterprises, in many instances by means of strikes.

With no end of the European war yet in sight, prospects are that the colonial boom in Southeastern Asia will continue and probably increase. Consequently, that region will be able to purchase more and better goods from abroad, and the Chinese there will have more money to remit homeward. This should mean good prospects for Free China's finance as well as for Shanghai industries, and also some additional assistance to the Chinese national dollar.

Most of the Chinese in foreign countries remain loyal to the Chinese National Government. The Japanese, the Peiping and Nanking puppet regimes, and of late also Wang Ching-wei, made repeated efforts to undermine that loyalty and draw upon the resources of the overseas Chinese. Such endeavors have had but insignificant results. The Peiping, Nanking and Wang Ching-wei emissaries, as a rule, were repulsed by the overseas Chinese. All important organizations of these Chinese continue to put their faith in Chungking and they made arrangements with the National Government to prevent their foreign exchange remittances from falling into Japanese hands. Despite the seizure of Amoy, Swatow and Canton, former centers of remittance transactions for overseas Chinese, the Nipponese have been unable to get hold of any substantial portion of that exchange.

The overseas Chinese have remained stout patriots, hoping that some day their unyielding patriotism will be rewarded. They are not interested in a China dominated by the Japanese. Their interests call for a free, independent and powerful China, strong enough to give them protection. The Chinese in most Asiatic countries outside China either feel that they do not receive, on the part of the authorities in those countries, the equal treatment which they are convinced is due to them, or they fear future discrimination. Their hope is that they will be strongly backed up by their mother country in return for the assistance they grant her in her present fight against the Japanese. This hope is strengthened by recent sad experiences. Except for the Netherlands Indies, there appears to be a general tendency in the countries to the south of China to restrict economic activities of the Chinese who have made these countries their homes.

The overseas Chinese, of course, realize that, for instance, the new wartime exchange and trade controls in the British and French colonies neither were meant nor are applied to them with special discrimination. It even seems as if these measures were enacted as regards Chinese with leniency, restricting the free movement of capital funds only and not interfering with the traditional home remittances to relatives. British exchange control permitted Hongkong, with a view to Chinese interests, a special position. Although the Hongkong control of late was tightened, it is still less stringent than are exchange controls in either Singapore or Saigon. The overseas Chinese also understand that Great Britain now wants to accomodate the Japanese and, therefore, is giving in to Nipponese requests to stop open financing in the British colonies of Chungking war chests. This seems to have been the chief reason for the recent suspension of sales in Hongkong of Chinese National Reconstruction Savings Certificates.

There are, however, more fundamental anti-Chinese movements under way in Southeastern Asia. They are calculated to restrict and to narrow down the economic activities of the overseas Chinese. These movements are not instigated by the Japanese. They are frequently encouraged or even directed by the authorities of the countries in question. The Bangkok Government deliberately organized an anti-Chinese movement, which, through discriminatory legislation and administrative pressure, tries to reduce the economic position of the Chinese in Thailand. The Commonwealth Government in Manila recently surprised the Philippine Chinese with a proposed law to promote "nationalization" of retail trade by replacing Chinese with Filipino retailers. The Straits Settlements Government and official British advisers to various Malay states, especially Johore, shortly before the outbreak of the European war embarked upon propaganda of so-called "Malayanization," intended to exclude Chinese in favor of Malays from certain economic activities.

The Chinese National Government made diplomatic representations to the foreign governments concerned and received reassuring answers. In the case at least of Thailand, however, the favorable answer hardly seems to have been given in good faith. Thailand, of late months, ousted a number of prominent Chinese, some of them after weeks and months of imprisonment without trial. Among these men were the chairman of the Chinese General Chamber of Commerce in Bangkok and the three managers in Thailand of the Overseas Chinese Banking Corporation. Hundreds of less important Chinese also were arrested and many Chinese schools in Thailand have been closed. Alleged nationalist activities of these Chinese served merely as a pretext. At the bottom of it all is the "Thailand for the Thailanders" movement, which resents the overwhelming importance acquired in Thailand's domestic business by the Chinese. Apart from foreign trade, it is true, the Chinese dominate the economy of Thailand. They have done much for the development of the country and the mobilization of its economic resources, while the Thailanders proved less adaptable to business. The dictatorial Bangkok Government appears to think the time has come for the natives

to take over the positions of the Chinese, and to gradually oust the latter from the country by cutting down their traditional liberties.

"The Philippines for the Filipinos" is a war-cry which in Chinese ears does not sound pleasantly either. Chinese are not as strongly entrenched in Philippine economy as they are in Thailand, but they hold the bulk of the medium and smaller trade in the Islands and control some 50 per cent of total capital investments in merchandising. Philippine governmental activity in banking, industry and trade in recent years tended to promote Filipino interests exclusively. Such state companies as the National Food Products Company and the Rice & Corn Corporation squeezed substantial Chinese interests out of business in these lines. Confronted with these trends, the Philippine Chinese did not lose courage and of late effected substantial new investments in other branches of the Insular economy. Malacanan's proposed new law for promoting Filipino retail trade, however, marks the beginning of a new phase in the Island's economic policy as regards the Chinese. It is the first step in formal anti-Chinese economic legislation, and the Philippine Chinese appear to be justified in their anxiety that more legislation of this type will follow. President Quezon reassured the Chinese Consul-General in Manila that Chinese interests in the Philippines would not be discriminated against, but the proposed retail trade law has not been withdrawn.

In British Malaya, the overseas Chinese are numerically strongest. In the Straits Settlements, they form the absolute majority, and in the Federated Malay States they constitute almost half of the population. In some of the unfederated Malay States they also maintain large colonies. In the whole of British Malaya, the Chinese are by far the largest national group, with the native Malays following at a long distance behind in the second place. The "Malayanization" program launched last summer in this area avowedly tends to restrict Chinese economic activities in certain directions, and to reserve certain fields of such activity as well as certain territorial regions for the Malays. This program is not balanced by corresponding preferences held out to the overseas Chinese. It has been devised and is being propagated by the British with substantial Malay support, although large Malay circles object on the ground that "Malayanization" in the British conception is meant merely as a transitory stage toward Europeanization.

The overseas Chinese naturally feel alarmed at these anti-Chinese movements, which are likely to increase in strength as the authorities in question either actively encourage or sympathize with these movements. The eyes of the overseas Chinese, therefore, remain fixed upon Chungking in the hope that China will win her struggle with Japan, and will emerge from the present cataclysm powerful enough to give assistance to her nationals abroad.

Shortage of Rice and Charcoal Causes Smuggling in Japan

Recent reports from Japan indicate the growing hardships to which the population of that country are being subjected in order to keep the war in China going. The *Japan Weekly Chronicle* reported on Dec. 28 that more than 5,000 people formed a "sugar-line" at the public market in Nishinomiya on Dec. 27 when a dealer put up a poster to the effect that sugar was available. From conversations heard in the line-up, the paper said, some persons had about 12 lbs and others as much as 25 lbs of sugar in stock at their homes, but were out to get more.

Charcoal, vital fuel in Japanese households, is getting as scarce as hen's teeth. Due to the scarcity, smuggling of the fuel from one district to another for speculation has become a widespread practice. With rice it is the same. According to the *Chronicle*, the authorities in prefectures surrounding Tokyo have erected night barriers on all highways leading to the capital and have been halting trucks carrying sacks of charcoal and rice. Some of the trucks, to all outward appearances, were only conveying gravel, but when this was removed by searchers bags of rice and charcoal were uncovered. Rice was also discovered in *sake* barrels and candy containers, and charcoal in the center of bundles of vegetables.

The same paper reported an ingenious attempt to smuggle rice into Tokyo in a coffin. Noticing a hearse approaching, a search party was about to allow it to pass when they observed that the usual line of cars following a funeral procession was missing. Investigation revealed several sacks of rice hidden in the coffin.

Department stores in Japan are now mixing barley with rice, thus indicating that the edict requiring that rice be polished only 70 per cent has not even begun to meet the shortage. The Mitsukoshi store in Kobe, according to the *Chronicle*, has removed actual food samples from its showcases and replaced them by attractive colored pictures.

The motion picture fare of Dai Nippon is also being rationed. According to a *Domei* report from Tokyo on Jan. 4, still fewer foreign films will be imported into Japan this year. The quota set is 120 for 21 firms, a decrease of 60 as compared with last year's allotment. This means that in 1940 Japanese movie-goers will be able to see, on the average, only 10 foreign films per month.

Gauss Appointment a Significant U. S. Political Gesture

The appointment of Clarence E. Gauss, U. S. Consul-General at Shanghai, as the first Minister of the United States to Australia is significant from several points of view. First, the establishment of diplomatic relations between the United States and the important British Commonwealth constitutes a political gesture of unquestioned significance at this time. Second, the action of President Franklin D. Roosevelt in appointing Mr. Gauss, long-experienced in the Far East, as the first American Minister, indicates an understanding of the underlying problems involved in the relations of the two countries. That Mr. Gauss, an experienced administrator, is a happy choice for the important job of developing the first U. S. diplomatic establishment in Australia, is also obvious.

Frank P. Lockhart Clarence E. Gauss

That the Australians also have an appreciation of the exigencies of the situation was evidenced in the appointment of their first Minister to the United States—Richard Gardiner Casey, Treasurer of the Commonwealth, who had distinguished service in the first World War. He will be able to help his country tremendously by making it better known to Americans, who heretofore have regarded Australia as an island of the South Seas, instead of a continent—a continent nearly as large as continental United States.

Mr. Gauss was born at Washington, D. C., Jan. 12, 1887 and started in life as a clerk in a law office. Later he was appointed to a secretarial position with a committee of the House of Representatives. He then joined the Department of State (1906) and advanced through the various grades—with brief interludes at Amoy and Mukden—to the responsible posts of Consul-General at Tientsin and Shanghai. In 1933 he served for a time as Counsellor of Legation in Peiping and in 1935 he was assigned to Paris in a similar capacity. But his longest service has been as Consul-General at Tientsin and Shanghai.

Frank P. Lockhart, who has served as acting consul-general here on two or three occasions, is thought to be likeliest successor to Mr. Gauss as Consul-General. Mr. Lockhart is Counsellor of Legation in Peiping, but recently spent some time here while Mr. Gauss was in the Philippines. Mr. Lochkart is a native of Pittsburg, Tex. and began his career as a newspaper editor. Later he became secretary to a U. S. Senator and a clerk in important congressional committees. He has served on various international commissions, chiefly in the Far East and mainly concerned with Chinese tariff matters. He has also served as Consul-General at various posts, mostly at Tientsin and Hankow.

Chamberlain Predicts Intensified War on Western Front as Britain Gets New War Minister

A broad hint that big doings on the Western Front are due in the near future was given by Prime Minister Neville Chamberlain in a broadcast address on Jan. 9 in which he declared that the present lull was the "calm before the storm." This statement may be interpreted in three ways. It may have been merely a prophetic warning, it may reflect an already-taken Allied decision to launch an offensive in the Spring, or it may have been based on the knowledge or belief that Germany has decided to launch an offensive.

The cold language of the war-minded politician gives no hint of the terrors in store for hundreds of thousands of men burrowed in the fortifications and trenches of the Maginot and Siegfried lines. They are just so many inconsequential digits of impersonal war machines which are destined to destroy and devour on a scale hitherto unseen. How can anyone pretend that this madness can possibly serve a progressive end?

One is entitled to speculate on the possible connection between the prophesied offensive and the removal from office of Mr. Leslie Hore-Belisha, British Secretary of State for War, who tendered his resignation on Jan. 6 and has been replaced by Mr. Oliver Stanley, hitherto president of the Board of Trade. Another resignation was that of Lord MacMillan, Minister of Information, who has been succeeded by Sir John Walsham Reith, who has been director of the British Broadcasting Company since 1927.

It seems fairly certain that Mr. Hore-Belisha tendered his resignation at the request of the Prime Minister. Whether he had been in conflict with the latter on questions of policy, or—as is popularly believed—had incurred the displeasure of the Commander-in-Chief of the British Army, Viscount Gort—is not known. At any rate, in his radio address on Jan. 9, Mr. Chamberlain obliquely defended the dismissal of his War Minister when he said: "I do what I feel to be right, no matter how difficult or even disagreeable it may be."

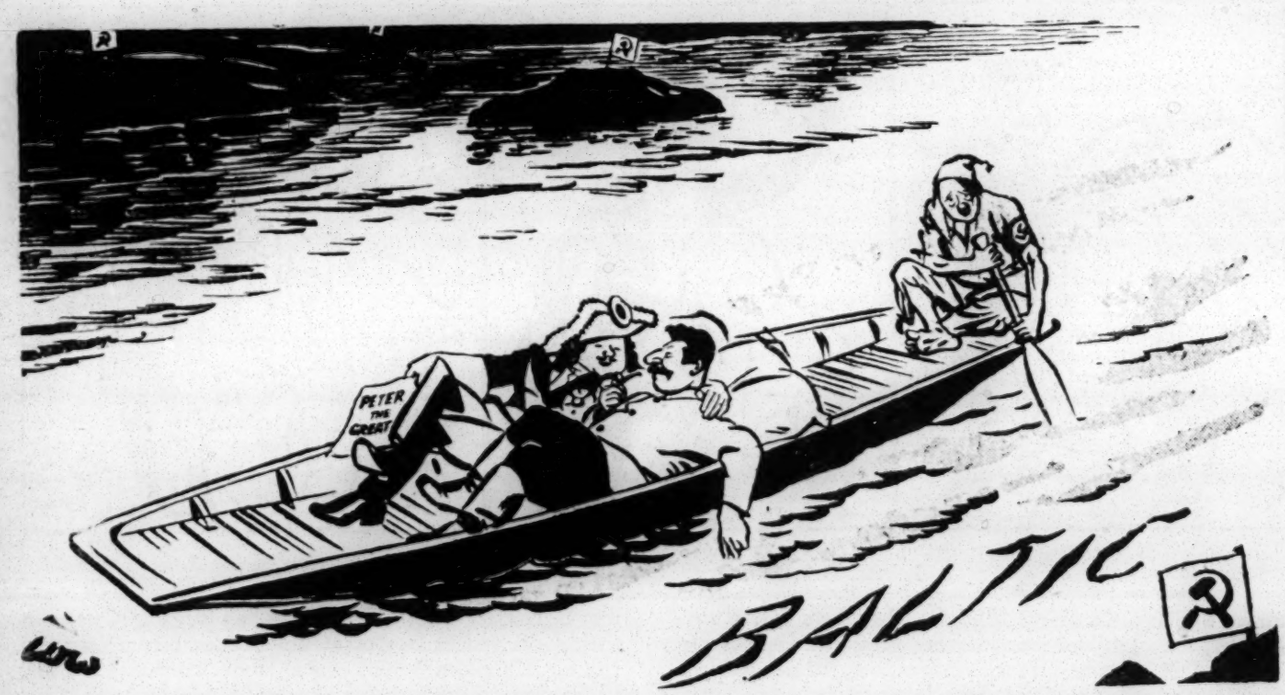
If, then, the conflict was between Mr. Hore-Belisha and Viscount Gort, Mr. Chamberlain chose to back the Commander-in-Chief against the War Minister. The fact that the latter had to go, is an indication that the dispute was so serious that compromise was impossible. The Prime Minister evidently calculated that less harm would be done to Britain's military prestige by jettisoning the War Minister than by getting a new Commander-in-Chief.

The dismissal of the War Minister has created a great stir in England, besides arousing some amazement abroad. The British press has voiced great indignation over the dismissal, of which no adequate explanation has thus far been made. The London *Daily Mail* said quite bluntly that the ex-minister had not been getting along well with the generals. Other papers charged that Mr. Chamberlain had surrendered to the "brass hats" in firing him. A point was made of the fact that Mr. Hore-Belisha had been responsible for the "democratization" of the British Army, thus coming into conflict with the military caste who believe that democracy undermines discipline.

Mr. Oliver Stanley, the new war minister, was bitterly attacked by the press. The *Daily Express* said he belonged to the "Tory hierarchy which automatically succeeds to high offices . . . He has never shown the qualities of drive and determination . . . It is a most unsatisfactory appointment." The Dundee *Courier* asserted that Mr. Stanley had not won a great reputation as president of the Board of Trade: "There is hardly an industry throughout the country which has not bitterly criticized his administration."

Unqualified praise for the retiring war minister was forthcoming from the liberal *Manchester Guardian*, which

"Russian Lake"—A British View of the Changing Baltic



Cartoon by Low in the New York Times

wrote: "He reorganized the War Office hierarchy—a task which would have scared nine ministers out of ten out of their wits—and he has done more than decades of war ministers to give the army conditions which have so approached those of civilians that the average man might really like to join."

Political circles in Berlin were pleased by the removal of the British war minister, *Reuter* reported, seeing in it an indication of "dissension in the enemy camp." They also pointed out that Mr. Hore-Belisha is a Jew, reportedly adding: "We now have one Jewish war-monger to work behind the scenes and one more Aryan war-monger in the War Ministry itself."

Reports appearing in the Netherlands press, according to *Transocean*, said that the immediate cause for the changes in the British Cabinet was the necessity for replacing Lord MacMillan as Minister of Information. The British high command took advantage of the opportunity to press the Prime Minister to remove Mr. Hore-Belisha, the high command having grown jealous of his independent attitude and increasing power, the newspapers said.

The *Corriere della Sera*, Milan newspaper, asserted that Viscount Gort had objected to Mr. Hore-Belisha's policy of replacing men in responsible army positions by younger men, and also measures meant to serve for the "democratization" of the army.

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Food rationing began in Britain on Jan. 8. First items to be rationed are sugar, butter, bacon and ham, but next week it is expected that government control will be established over the purchase, slaughter and distribution of meat as a preliminary to meat rationing. Mr. W. S. Morrison, Food Minister, declared in a broadcast on Jan. 6 that the rationing was not a result of Germany's U-boat campaign. "We shall have all the food we need," he said, adding that the purpose of the rationing was to devote the utmost shipping space and foreign exchange to armaments and raw materials.

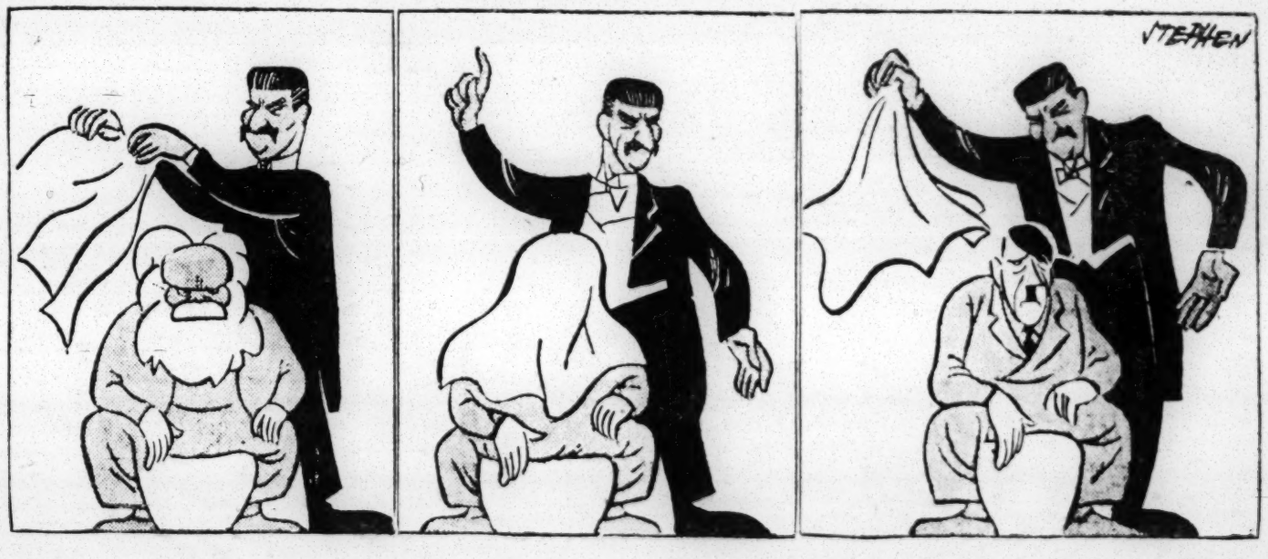
How the British people will react to rationing remains to be seen. That Germany is having similar difficulties was seen in the fact that last week Field-Marshal Hermann Goering assumed complete control of Reich economy. All the higher economic authorities are to be united in a central committee under Goering's chairmanship.

The British Government has received two protests from the United States. The first complained against British interception of American mail destined for Germany aboard American or other neutral vessels (a similar complaint was lodged during World War I), while the second warned that Britain would be held responsible for any loss or damage suffered by American ships, including their cargoes, when British warcraft forced them to change their course and enter combat areas designated in the U.S. Neutrality Act. The first note cited four instances in which British authorities seized approximately 1,250 sacks of American mail bound for Germany.

Washington is not the only protesting country. Denmark has also lodged a protest in London against British seizures of mail, executed, it is complained, in violation of international law, while the Netherlands press pointed out last week that mail from the Netherlands colonies, bound for Holland, had been held up and inspected by the British authorities.

Opposition to the war was expressed last week by the University Labor Federation, an organization consisting of student bodies at universities throughout the United Kingdom which have labor sympathies. The Federation, according to *Reuter*, passed a resolution stating that the task of the labor movement was to lead the working class in a determined struggle against the war, which was described as "a war for profits and world domination" for which both Hitler fascism and Anglo-French imperialism are equally responsible. Protesting against the resolution as inconsistent with Labor Party policy, Mr. Arthur Greenwood, deputy leader of the Labor Party, resigned from the Federation.

Karl Marx—Stalin Version



Stephen in the London Herald

A near-pogrom is being conducted against opponents of the war in the Union of South Africa. Police, according to a *Reuter* report from Johannesburg on Jan. 5, have arrested and interned more than 1,000 persons accused of being "German sympathizers," among them being some holding responsible positions.

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The Soviet-Finnish war seems to have slowed down considerably, with the Red Army digging into positions in the face of the fiercest Finnish onslaughts. According to *Transocean* reports, General Gregori Stern has been placed in charge of Red Army operations on the Finnish front. For some time an adjutant to War Commissar Voroshilov, Gen. Stern was appointed commander-in-chief of the Soviet Far Eastern Army when General Vassily Bluecher was "liquidated" some time ago. He

was believed to have directed operations against the Japanese on the Nomonhan front last year. According to *Transocean*, he was born at Marienhann on the Aaland Islands, which are now Finnish, and studied at the Helsinki Technical College. When Soviet forces evacuated the Aaland Islands in 1918, Stern followed the Russians home and entered a Soviet military academy.

A novel weapon was brought into play by the Finns on Jan. 3, according to a *United Press* dispatch from Helsinki. Using powerful floodlights, the Finns blinded Red Army soldiers advancing over the ice of frozen lakes on the Karelian isthmus and then mowed the helpless Russians down with machine-guns. At the same time, heavy shells were fired onto the ice, shattering it and causing the advancing Red soldiers to fall into the icy water, where they perished.

New Idea in War Maps

Die Groene Amsterdammer

According to the Moscow correspondent of the Amsterdam *Telegraaf*, large contingents of Soviet troops are undergoing intensive training in the military region of Siberia, probably being destined for operations on the Finnish front in the near future. In the Milan newspaper, *Corriere della Sera*, there appeared a report on Jan. 9 stating that 20 German staff officers had gone to Soviet Russia to reorganize the Red Army.

Another indication of German assistance to Russia was a *Reuter* dispatch from Brussels the same day which said that a large quantity of war material destined for Finland, and believed to have come from Italy, had been stopped by Germany in transit. War planes were said to be part of the shipments held up in the Reich.

Possible official American aid for Finland was seen Jan. 7 when a Democratic Congressman named Dingall, according to a *Transocean* report from New York, announced that he would introduce a motion requesting the Administration to sell Finland 10,000 of the new Garand automatic rifles from Army stores at the price of one dollar each. The cost of each rifle is $300. The same source reported that several bills providing for the grant of American loans to Finland are to be submitted to Congress.

The Red Army newspaper, *Krasnaya Svezda*, on Jan. 3, accused Great Britain of aiding Finland with a view to extending the European war and improving the position of the Allies against Germany. "If the Allied command had the slightest hope of success, it would not hesitate to sacrifice millions of soldiers against Germany's West Wall. This explains the efforts of the Allies to extend the war to Finland. They incited the Finns to attack Soviet Russia, hoping thereby to kindle a conflagration in northern Europe. They are also trying to drag Scandinavia and the Balkans into the war, for they would like to see the whole world join them in their adventurous war policy," the paper said.

The Allied general staffs are seriously considering the possibility of bringing Sweden and Norway into the war against Germany, the New York *Times* asserted last week, according to *Transocean*. The fate of the northern European states, the London correspondent of the paper reported, depended upon whether the Allies declared war on Soviet Russia.

A warning to Soviet Russia against any attempt on Bessarabia was sounded on Jan. 6 by King Carol of Rumania. Speaking at an Epiphany Day ceremony at Chisianu, on the Soviet-Rumanian frontier, the King said: "When I set foot on the soil of Bessarabia, I feel I am entering, not a country which is attached to Rumania, but a country which is and will always remain Rumanian territory. The unity of the whole country guarantees that these frontiers will never be invaded . . . it will never allow an enemy to set foot on the sacred soil of Rumania."

Last week-end Count Ciano, Italian Foreign Minister, and Count Stephen Csaky, Hungarian Foreign Minister, met at Venice, and the meeting was generally believed to foreshadow an Italo-Hungarian military alliance against Soviet Russia. While the talks were proceeding, Signor Virginio Gayda, Mussolini's mouthpiece, published an article in the *Giornale d'Italia* asserting that Italy would take no initiative in forming or entering a Balkan bloc. Such a bloc, he said, would be premature under present conditions, adding that Italy had no aggressive designs against Soviet Russia—"she simply wishes to check the expansion of Communism."

Kentwell Gets Hongkong Returned To China—in a Funny Letter

AMONG the lesser adornments of the puppet "Reformed Government" in Nanking is a gentleman named L. K. Kentwell, who publishes a periodical called *The Voice of New China*.—Some years ago, Mr. Kentwell, then a British subject, was engaged in the practice of law. For something he did that was considered not quite "kosher," he was disbarred. He then turned to journalism, and for several years published a paper in Canton known as the *Canton Daily Sun*, in which he used periodically to lambast the British and all their works. Mr. Kentwell even renounced his British citizenship in order to show his extreme displeasure with the people who had disbarred him.

When the puppet government got going in Nanking, he managed somehow to climb on the motley bandwagon. With not-so-good Japanese yen jingling in his pockets, he publishes "his" magazine, which is noteworthy for its outbursts against British rule in India. Kentwell has made himself the "champion" not only of the Chinese people, but of the Indians as well!

This gentleman suffers from delusions of grandeur, to which he gives expression in puerile stunts. Intended to be taken seriously, they evoke only hilarious laughter. His latest stunt was to issue a printed circular from his headquarters in the Drum Tower Villa in Nanking, in which, signing himself Kan Teh-yun, "Retrocession Commissioner" of the Reformed Government, he invited the recipients to attend the formal signing of an agreement between China and Great Britain "whereby the retrocession of Hongkong to the Chinese nation becomes an accomplished fact." He took the opportunity "to express his gratification that all foreign Settlements and Concessions which have been encroaching on Chinese soil and Chinese sovereignty are now a thing of the past."

To which he added: "The date of the actual signing of the document will be announced later."

Having had our laugh at this piece of grandiloquence, we would like to opine that when the day comes to retrocede to China the Settlements and Concessions—a development which must and will come in time—persons of dubious motive like Mr. Kentwell will have nothing whatever to do with it.

Nippon Peril to Indies Would Be Heightened if Holland Fought

THE peril in which Holland's Far Eastern colonies (consisting of Java, Sumatra, the Celebes, most of Borneo, half of Timor and of New Guinea) would be placed in the event of a German invasion, or attempted invasion, of the Netherlands was pointed out in a recent issue of *Time* magazine. Were that to happen, said the journal, Japan would have the strongest temptation to seize the Netherlands Indies (see map on opposite page) and the only force on which Holland's Queen Wilhelmina could rely would be the British China Squadron based at Singapore. Says *Time*:

"The Dutch are today the largest holders of gold, foreign exchange, foreign and colonial securities of any continental European nation (about U.S.$6,000,000,000) and the largest foreign holders, next to the British, of U. S. securities (about U.S.$1,000,000,000). But the greatest wealth of the Netherlands is the wealth of the Indies.

"Netherlands Beyond the Seas includes Curacao in the Caribbean; Surinam (formerly Dutch Guiana) in South America, and most important of all, the archipelago officially called the Netherlands Indies, known to the native inhabitants as Indonesia, called by old mariners simply the Indies. These islands, home of orangutans, Komodo dragons, hornbills and headhunters, producer of pearls, spices, rare woods, stretch 1,300 miles from North to South, 3,000 from East to West and are inhabited by 60,000,000 brown-bodied souls, not counting some 1,500,000 Asiatics and Europeans. Queen Wilhelmina has never visited her Eastern Empire (although one of New Guinea's highest peaks is named for her), but she can hardly fail to appreciate what a windfall came to her little country the day in 1602 when daring adventurers of the Dutch East India Co. set out on a five-year voyage to claim the islands.

"Just as today the fate of the Netherlands Empire leans on the fate of the British Empire, so the colonial history of the Indies roughly parallels that of British-owned India: a period of government by the Dutch East India Co., followed by the Netherlands Government taking over; ruthless suppression of native resistance; enforced labor as a 'tribute' to the 'Motherland'; a change of masters for eleven years during the Napoleonic wars when the British temporarily took the Islands; institution of puppet native rulers who are always 'advised' by a resident Dutchman; gradual, systematic improvement of colonial Government: bringing with it greater investments, wiser methods of exploitation, louder demands for native self-government.

"Like British-owned India, the Netherlands Indies is divided into territory governed by native rulers in treaty relations with the Dutch, and territory governed directly. The Dutch authorities are not as lenient with the many sultans and princes whom they oversee, however, as the British. They strictly limit the native rulers' allowances and make sure that a part of every little State's income finds its way into education, hygiene, public works. Of the entire population, less than 10,000,000 are States' subjects; the remaining 50,000,000 are ruled direct from Batavia.

"In Batavia sits the *Volksraad*, a legislative assembly composed half of natives and subjects of foreign origin and half of Hollanders. But the *Volksraad* has exceedingly limited powers. Only recently it acquired the right to initiate legislation. The real power rests in a tropical palace at Buitenzorg, outside Batavia, where lives His Excellency Jonkheer A.W.L. Tjarda van Starkenborgh Stachouwer, the Governor General. Aside from being able to tell such high-sounding potentates as the Sultan of Solo or the Sultan of Jokyakarta how to run their States, he can also veto any measure that a rebellious *Volksraad* might pass. Moreover, he himself can 'pass' his own ordinances. Appointed to his present job in 1936, the Governor General formerly held the important post of Dutch Minister to Belgium. His wife is the U. S.-born Christina Marburg, daughter of Theodore Marburg, onetime U. S. Minister to Belgium.

"The Dutch colonial atmosphere has long been widely hailed as far healthier than the British, but this reputation rests more on circumstance than on conscious planning. Unlike the British, early Dutch colonizers were not discouraged from marrying native women and no social ostracism came to them or their half-caste children. Moreover, the Dutch have scrupulously refused to allow the slightest tampering with the natives' moral code, even going so far as to bar missionaries in some islands. But the native living standard is little, if any, higher than in similar British colonies. If the Dutch have experienced fewer revolts in the Indies than the British have in India, it is largely because the natives of the Indies are by and large more indolent. Besides, the fact that they are split among more than 150 different races and languages tends to make widespread rebellion next to impossible.

"Meanwhile, the 220,000 Dutchmen in the East Indies live the life of Reilly. No white man is so poor he cannot afford at least two servants at salaries ranging around $8 a month, and the usual staff of a well-to do household numbers six or seven. No white woman need lift her little finger around the house. U.S. films now arrive in Java, Sumatra and Borneo with little delay, and few are the Dutch Colonials who do not own a U. S.-made car. Tinned foods from home are always available, but the most famous East Indian dish is *Ryst-Tafel*, which is both a ceremony and a dinner. It has a base of rice, and consists of a hundred or more side dishes including fried chicken, fried pork, beef, the entire gamut of spices, fried bananas, fried shrimps, cucumbers, pickles, ginger, eggs in every conceivable form, all served by a waiters' corps of 20. Experienced East Indian Dutchmen go to bed for a couple of hours after eating *Ryst-Tafel*.

"But there is also work to be done—rubber to be tapped in Sumatra, oil to be drilled for in Borneo and Java, tin to be dug in Bangka. Coffee, tea, tobacco, sugar, rice are the more ordinary products; but copra as a basis for facial creams, lizard skins for shoes and handbags, Sumatra wrappers for cigars, cinchona bark for quinine, sandalwood and teakwood, ebony and macassar oil, and even the bare-breasted women of Bali, tourist paradise, do their full share in making this Netherlands overseas a going concern.

"To gather in these riches, colonial Dutchman are rewarded as handsomely as any similar group in the world. In 1935, of 85,000 Europeans earning a living in the East Indies, some 64,000 were taxed on incomes of more than $4,500 a year; 22,500 between $20,000 and $60,000 a year. But more significant was what this trade did to The Netherlands. Dutch investments in the East Indies were valued at $1,158,000,000. And today one-sixth of the Netherlands' population is dependent upon the colonial trade and but for it the Netherlands would probably have a lot more than 400,000 unemployed.

"Almost all the well-to-do families in the Netherlands have their East Indian securities, and not the least investor is the House of Orange-Nassau. Century ago King William I invested $1,600,000 in the East. Large profits accrued, the capital multiplied many times again. Wilhelmina, an astute business woman herself, is a large owner of tin mines, just as she has a moneyed finger in the pie of nearly every enterprise of magnitude in Holland. Her income was once estimated at $5,000,000 a year, making her by far the richest monarch of Europe.

"Wilhelmina therefore has every possible stake in getting her country safely through World War II. A devout Christian, she can hardly be in sympathy with the moral or spiritual aims of either Hitler or Hirohito. Orderly, she is excruciatingly shocked by the international disorders of this, her second, World War. Thrifty and patriotic, she must hang on to her and her country's fortunes to the last drop of her Dutch blood. Helpless, about all she can do is keep one face East, one face West, and hope."

Four Directions for U. S. Policy in the Far East

THE issue of *Time Magazine* for December 11, aside from printing Ambassador Nelson T. Johnson's picture on the front cover, published a seven-column survey of American Far Eastern relations, with a suggestion that the United States must do one of four things about the Orient, particularly China:

1.—Get out. Extreme isolationist view is that U. S. interests in China (with only two-thirds the value of the U. S. domestic barber business) and U. S. resources in the Philippines (gold, iron, chromite, manganese, tobacco, hemp, timber, sugar) are not worth holding at the risk of conflict: that the U. S. should withdraw to the Panama-Hawaii-Alaska front, strengthen defenses there.

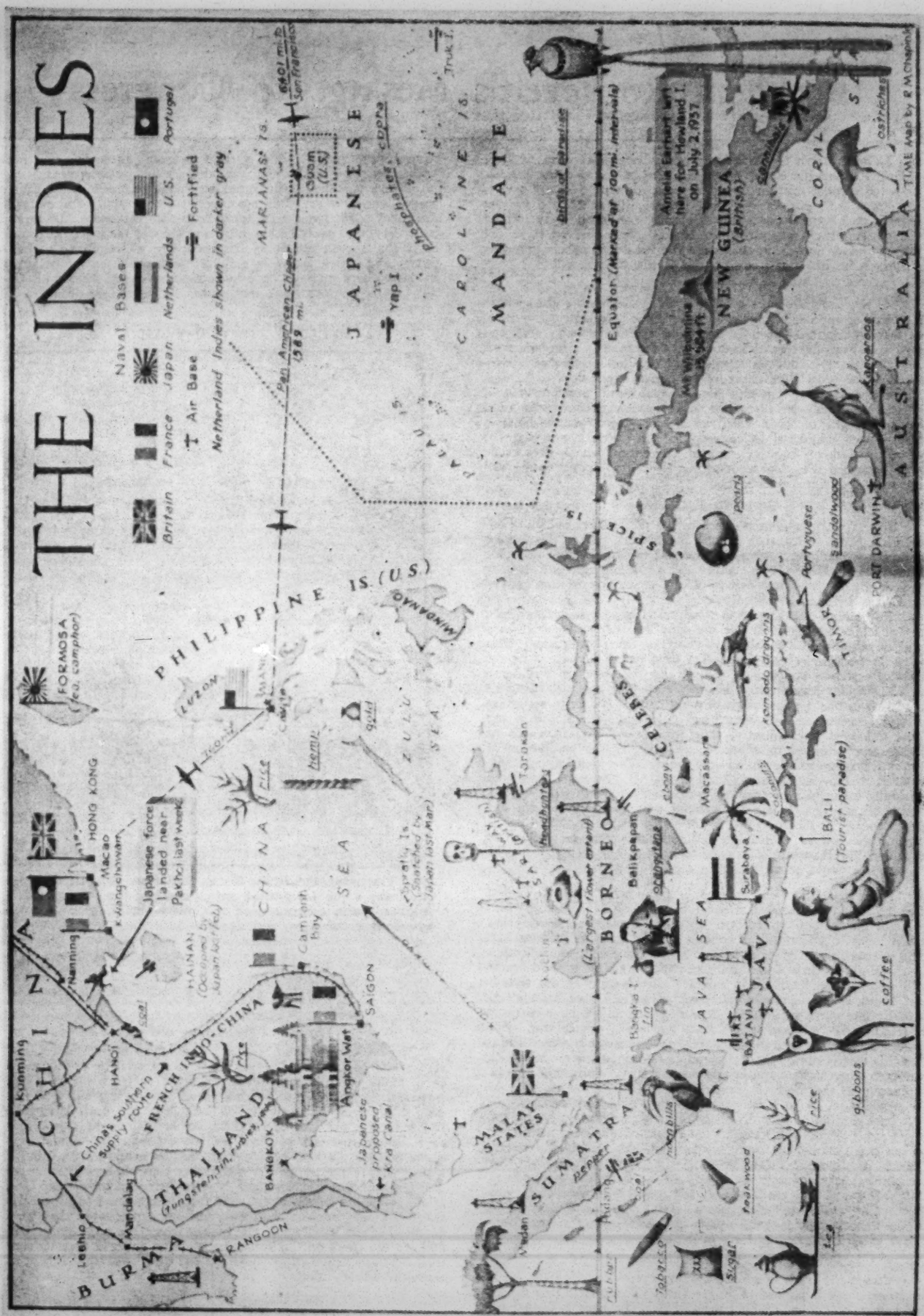
2—Keep a boot wedged in the Open Door. This would mean taking a strong line against Japan—not only by keeping the flag above the Philippines but by resisting every Japanese advance in China and the East Indies; and would pre-suppose a willingness to oppose Japan with arms if necessary. After two years as High Commissioner to the Philippines, Paul Vories McNutt returned to the United States as a burning apostle of this view. The present High Commissioner, Francis Bowes Sayre, is a rabid convert to it. And it is a good bet that some time soon Filipino President Manuel L. Quezon will publicly beg the U. S. to postpone Philippine independence beyond 1946 and keep Japan out.

3—Appease the aggressor. Businessmen (who want quick turnover) and cynics (who deride quixotic sympathies) think the U. S. should make a new and better, trade treaty with Japan when the abrogated Treaty of 1911 expires this month. Japan has no better customer than the U. S. and is the U. S.'s third best. To get on Japan's good side, argue the protagonists of this plan, it would be worth swapping away spheres of interest in China. Which, they say, are already lost anyway.

4—Wait and see; not abandon interests, but not provoke Japan in holding them; sit tight on the *status quo*. This policy, for many reasons, is the one which the U. S. is most apt to follow. It is what the indispensable, kindly, wise adviser of the State Department, Stanley K. Hornbeck, calls "a course of self-denial and restraint." It is certinaly the course which Ambassador Johnson represents.

Much of the accompanying article was concerned with Ambassador Johnson, described as the State Department's No. 1 Career Diplomat. It told of his commuting between Chungking, Shanghai and Peiping and disclosed that his present salary is U. S. $17,500 a year—equivalent to $210,000 in Chinese currency at present rates of exchange. The salary of the President of the United States, is U. S. $75,000.

The article also contained the pictures of Mrs. Johnson and their two sons, former Chief of the Far Eastern Division and now adviser to the State Department, Stanley J. Hornbeck, and Admiral Thomas C. Hart, Commander of the U. S. Asiatic Fleet.


THE INDIES
Naval Bases
Britain
France
Japan
Netherlands
U.S.
Portugal
Air Base
Fortified
Netherland Indies shown in darker gray
JAPANESE MANDATE
PHILIPPINE IS. (U.S.)
FORMOSA
HONG KONG
Macao
Japanese force landed near Pakhoi last week
HAINAN (Occupied by Japan last Feb.)
CHINA SEA
SULU SEA
CELEBES SEA
JAVA SEA
BORNEO
SUMATRA
JAVA
BALI
(Tourist paradise)
NEW GUINEA
(British)
AUSTRALIA
PORT DARWIN
Amelia Earhart will here for Howland I. on July 2, 1937
Equator (Marked at 100 mi. intervals)
Kunming
HANOI
SAIGON
Angkor Wat
China's Southern Supply route
FRENCH INDO-CHINA
THAILAND
(Tungsten, rubber, tin)
BANGKOK
Japanese proposed Kra Canal
MALAY STATES
BURMA
RANGOON
Lashio
Mandalay
Nanning
Kiangchowan
Camranh Bay
Batavia
Surabaya
Macassar
Balikpapan
Pontianak
Banjermasin
Medan
Palembang
Padang
Bengkulu
Tjilatjap
Tjirebon
Semarang
Tobacco
Sugar
Rubber
Coffee
Tea
Quinine
Spices
Sandalwood
Tin
Rice
Gibbons
Ostriches
Time Magazine

The Search for Peace

President Roosevelt's Message to Congress

Editor's Note:—Following is the complete text of President Roosevelt's annual message to Congress on Jan. 3. Devoted almost exclusively to the question of war and peace, the President's address was enthusiastically acclaimed by the British and French press, but violently condemned by official Germany, which, according to Havas, characterized it as the "most violent anti-German speech the President had ever made, although he did not mention the Reich by name."

As the Congress reassembles, the impact of wars abroad makes it natural to approach "the state of the Union" through a discussion of foreign affairs. But it is important that those who hear and read this message should in no way confuse that approach with any thought that our Government is abandoning or even overlooking the great significance of its domestic policies.

The social and economic forces which have been mismanaged abroad until they have resulted in revolution, dictatorships—and the philosophy of force which justifies and accompanies dictatorships—have originated in almost every case in the necessity for drastic action to improve internal conditions where democratic action for one reason or another has failed to respond to modern needs and modern demands.

Three Great Concepts

It was with far-sighted wisdom that the framers of the Constitution brought together in one magnificent phrase three great concepts—"common defense," "general welfare," and domestic tranquility." More than a century and a half later we still believe with them that our best defense is the promotion of our general welfare and domestic tranquility.

In previous messages to the Congress I have repeatedly warned that whether we like it or not the daily lives of American citizens will, of necessity, feel the shock of events on other continents. This is no longer mere theory, for it has been definitely proved by the facts of yesterday and today. To say that the domestic well-being of 130,000,000 Americans is deeply affected by the well-being or the ill-being of the populations of other nations is only to recognize in world affairs the truth we all accept in home affairs. If in any local union—a city, country, state, or region—low standards of living are permitted to continue, the level of the civilization of the entire nation will be pulled downward. The identical principle extends to the rest of the civilized world. But there are those who wishfully insist, in innocence or ignorance or both, that the United States of America, as a self-contained unit, can live happily and prosperously, its future secure, inside a high wall of isolation, while outside the rest of civilization and the commerce and culture of mankind are shattered.

No Army for Europe

I can understand the feelings of those who warn the nation that they will never again consent to the sending of American youth to fight on the soil of Europe. But as I remember, nobody has asked them to consent—for nobody expects such an undertaking. The overwhelming majority of our fellow-citizens do not abandon in the slightest their hope and expectation that the United States will not become involved in military participation in the war.

I can also understand the wishfulness of those who oversimplify the whole situation by repeating that all we have to do is to mind our own business and keep the nation out of war. But there is a vast difference between keeping out of war and pretending that this war is none of our business. We do not have to go to war with other nations, but at least we can strive with other nations to encourage the kind of peace that will lighten the troubles of the world, and, by so doing, help our own nation as well.

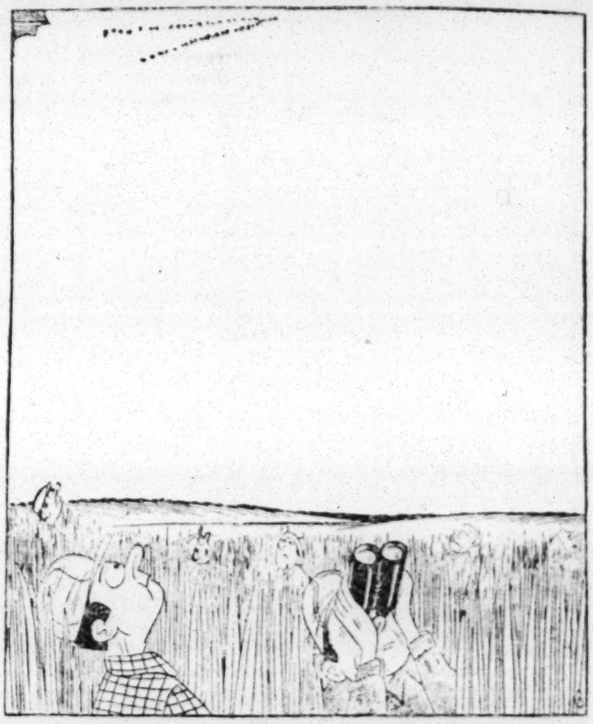
I ask that all of us everywhere think things through with the single aim of how best to serve the future of our own nation. I do not mean merely its future relationship with the outside world. I mean its domestic future as well—the work, the security, the prosperity, the happiness, the life of all the boys and girls of the United States as they are inevitably affected by such world relationships. For it becomes clearer and clearer that the future world will be a shabby and dangerous place to live in—even for Americans to live in—if it is ruled by force in the hands of a few.

Thinking Controlled by Partisanship

Already the crash of swiftly moving events covering the earth has made us all think with a longer view. Fortunately that thinking cannot be controlled by partisanship. The time is long past when any political party or any particular group can curry and capture public favor by labeling itself the "Peace Party" or the "Peace Bloc." The label belongs to the whole United States and to every right-thinking man, woman and child within it. For out of all the military and diplomatic turmoil, out of all the propaganda and counter-propaganda of the present conflicts, there are two facts which stand out and which the whole world acknowledges.

The first is that never before has the Government of the United States done so much as in our recent past to establish and maintain the policy of the good neighbor with its sister nations. The second is that in almost every nation in the world today there is a true public belief that the United States has been, and will continue to be, a potent and active factor in seeking the reestablishment of peace. In these recent years we have had a clean record of peace and good will. It is an open book that cannot be twisted or defamed. It is a record that must be continued and enlarged. So I hope that Americans everywhere will work out for themselves the several alterations which lie before world civilization, which necessarily includes our own.

"War Front" in Mid-West U. S. A.



The cartoonist, in the Kansas City Star, suggested that this was a job for anti-aircraft guns, but the "flying formation" was composed of a flock of wild geese, not messengers of death and destruction.

Danger of Philosophy of Force

We must look ahead and see the possibilities for our children if the rest of the world comes to be dominated by concentrated force alone—even though today we are a very great and a very powerful nation. We must look ahead and see the effect on our own future if all the small nations throughout the world have their independence snatched from them or become mere appendages to relatively vast and powerful military systems. We must look ahead and see the kind of lives our children would have to lead if a large part of the rest of the world were compelled to worship the god imposed by a military ruler or were forbidden to worship God at all; if the rest of the world were forbidden to read and hear the facts—the daily news of their own and other nations—if they were deprived of the truth which makes men free. We must look ahead and see the effect on our future generations if world trade is controlled by any nation or group of nations which sets up that control through military force.

War Negates Civilized Life

It is, of course, true that the record of past centuries includes destruction of small nations, enslavement of peoples, and building of empires on the foundation of force. But wholly apart from the greater international morality which we seek today, we recognize the practical fact that with modern weapons and modern conditions,

modern man can no longer live a civilized life if we are to go back to the practice of wars and conquests of the seventeenth and eighteenth centuries.

Summing up this need of looking ahead, and in words of common sense and good American citizenship, I hope that we will have fewer American ostriches in our midst. It is not good for the ultimate health of ostriches to bury their heads in the sand. Only an ostrich would look upon these wars through the eyes of cynicism or ridicule.

Of course the peoples of other nations have the right to choose their own form of government. But we in this nation still believe that such choice should be predicated on certain freedoms which we think are essential everywhere. We know that we ourselves will never be wholly safe at home unless other governments recognize such freedoms.

Twenty-one American republics, expressing the will of 250,000,000 people to preserve peace and freedom in this hemisphere, are displaying a unanimity of ideals and practical relationships which gives hope that what is being done here can be done on other continents. We in all the Americas are coming to the realization that we can retain our respective nationalities without at the same time threatening the national existence of our neighbors. Such truly friendly relationships, for example, permit us to follow our own domestic policies with reference to our agricultural products, while at the same time we have the privilege of trying to work out mutual assistance arrangements for a world distribution of world agricultural surpluses. And we have been able to apply the same simple principle to many manufactured articles having surpluses which must be sold in the world export markets if we would continue a steady level of production and employment.

Destructive Economic Selfishness

For many years after the World War, blind economic selfishness in most countries, including our own, resulted in a destructive mine-field of trade restrictions which blocked the channels of commerce among nations. This policy was one of the contributing causes of existing wars. It dammed up vast unsaleable surpluses, helping to bring about unemployment and suffering in the United States and everywhere else.

To point the way to break up the log-jam, our Trade Agreements Act was passed, based upon a policy of equality of treatment among nations and of mutually profitable arrangements of trade.

It is not correct to infer that legislative powers have been transferred from the Congress to the executive branch of the Government. Everybody recognizes that general tariff legislation is a congressional function, but we know that, because of the stupendous task involved in the fashioning and passing of a general law, it is advisable to provide at times of emergency some flexibility to make the general law adjustable to quickly changing conditions. We are in such a time today. Our present trade agreement method provides a temporary flexibility and is therefore practicable in the best sense. It should be kept alive to serve our trade interests, agricultural and industrial, in many valuable ways during the existing wars. But what is more important, the Trade Agreements Act should be extended as an indispensable part of the foundation of any stable and durable peace.

Trade Agreement Act Needed

The old conditions of world trade made for no enduring peace; and when the time comes the United States must use its influence to open up the trade channels of the world in order that no nation need feel compelled in later days to seek by force of arms what it can well gain by peaceful conference. For this purpose we need the Trade Agreements Act even more than when it was passed.

I emphasize the leadership which this nation can take when the time comes for a renewal of world peace. Such an influence will be greatly weakened if this Government becomes a dog in the manager of trade selfishness. The first President of the United States warned us against entangling foreign alliances. The present President of the United States subscribes to and follows that precept. But trade cooperation with the rest of the world does not violate that precept in any way. Even as through these trade agreements we prepare to cooperate in a world that wants peace, we must likewise be prepared to take care of ourselves if the world cannot attain peace.

Strengthening National Defense

For several years past we have been compelled to strengthen our own national defense. That has created a very large portion of our Treasury deficits. This year, in the light of continuing world uncertainty, I am asking the Congress for Army and Navy increases which are based not on peace but on common sense. They are not as great as enthusiastic alarmists seek. They are not as small as unrealistic persons claiming superior private information would demand.

As will appear in the annual budget tomorrow, the only important increase in any part of the budget is the estimate for national defense. Practically all other important items show a reduction. Therefore, in the hope that we can continue in these days of increasing economic prosperity to reduce the federal deficit, I am asking the Congress to levy sufficient additional taxes to meet the emergency spending for national defense.

In the Army and Navy, of course, lies our ultimate line of defense, "the general welfare" of our people. We cannot report, despite all the progress we have made in our domestic problems—despite the fact that production is back to 1929 levels—that all our problems are solved. The fact of unemployment of millions of men and women remains a symptom of a number of difficulties in our economic system not yet adjusted. While the number of the unemployed has decreased, while their immediate needs for food and clothing—as far as the Federal Government is concerned—have been largely met, while their morale has been kept alive by giving them useful public work, we have not yet found a way to employ the surplus of our labor which the efficiency of our industrial processes has created.

Encouraging the American Way

We refuse the European solution of using the unemployed to build up excessive armaments which eventually result in dictatorships. We encourage an American way, through an increase of national income, which is the only way we can be sure will take up the slack. Much progress has been made; much remains to be done.

We recognized that we must find an answer in terms of work and opportunities. The unemployment problem today has become very denitely a problem of youth as well as of age. As each year has gone by, hundreds of thousands of boys and girls have come of working age. They now fotm an army of unused youth. They must be an especial concern of democratic government. We must continue, above all things, to look for a solution of their special problems. For they, looking ahead to life, are entitled to action on our part and not merely to declarations of optimism or lectures on economic laws.

Faced Problems with Action

Some in our midst have sought to instil a feeling of fear and defeatism in the minds of the American people about these problems. To face the task of finding jobs faster than inventing can take them away is not defeat. To warble easy platitudes that if we will only go back to ways that have failed everything will be all right takes no courage. We met a problem of real fear and real defeatism in 1933. We faced the facts—with action, not with words.

The American people will reject the doctrine of fear, confident that in the thirties we have been building soundly a new order of things different from the order of the twenties. In this dawn of the decade of the forties, with our problem of social improvement started, we must continue to carry on the processes of recovery so as to preserve our gains and provide jobs at living wages.

There are, of course, many other items of great public interest which could be enumerated in this message: the continued conservation of our natural resources, the improvement of health and of education, the extension of social security to larger groups, the freeing of large areas from restricted transportation, discrimination, the extension of the merit scheme, and many others. Our continued progress in the social and economic field is important, not only for the significance of each part of it, but for the total effect which our program of domestic betterment has upon that most valuable asset of a nation in dangerous times—its national unity.

Problem of Permanent Security

The permanent security of America in the present crisis does not lie in armed force alone. What we face is a set of world-wide forces of disintegration—vicious, ruthless destruction of all the moral, religious, and political standards which man, after centuries of struggle, has come to cherish most.

In these moral values, in these forces which have made our nation great, we must actively and practically reassert our faith.

These words—"national unity"—must not be allowed to become merely a high-sounding phrase, a vague generality, a pious hope to which everyone can give lip service. They must be made to have real meaning in terms of the daily thoughts and acts of every man, woman and child in our land during the coming year and the years that lie ahead, for national unity is in a very real and deep sense the fundamental safeguard of all democracy.

Rabble-Rousing Doctrines

Doctrines which set group against group, faith against faith, race against race, class against class, fanning the fires of hatred in men too despondent, too desperate to think for themselves, were used as rabble-rousing slogans on which dictators could ride to power. And once in power they could saddle their tyrannies on whole nations and their weaker neighbors.

This is the danger which we in America must begin to see more clearly. For the apologists for foreign aggressors, and equally those selfish and partisan groups who wrap themselves in a false mantle of Americanism to promote their own economic, financial or political advantage, are now trying European tricks upon us, seeking to muddy the stream of our national thinking, weakening us in the face of danger, by trying to set our own people to fighting among themselves.

Such tactics are what have helped to plunge Europe into war. We must combat them as we would the plague, if American integrity and security are to be preserved. We cannot afford to face the future as a disunited people. We must, as a united people, keep ablaze on this continent the flames of human liberty, of reason, of democracy, and of fair play as living things to be preserved for the better world that is to come.

Calm Discussion Favored

Overstatements, vituperation, and the beating of drums have contributed mightily to ill-feeling and wars between nations. If these unnecessary and unpleasant actions are harmful in the international field, they are also hurtful in the domestic scene. Peace among ourselves would seem to have some of the advantage of peace between us and other nations. And, in the long run, history amply demonstrates that angry controversy surely wins less than calm discussion.

In the spirit, therefore, of a greater unselfishness, recognizing that the world—including the United States of America—passes through perilous times, I am very hopeful that the closing session of the Seventy-Sixth Congress will consider the needs of the nation and of humanity with calmnesss, tolerance, and cooperative wisdom.

May the year 1940 be pointed to by our children as another period when democracy justified its existence as the best instrument of government yet devised by mankind."

How an American Correspondent Got Bounced Out of Berlin

DICTATOR-ridden Europe has never been a very happy place for newspaper correspondents to work in, unless they had trained themselves to play ball with the dictators and send out dispatches which in no way displeased them. American correspondents have been bounced out of several European countries, but none was bounced out quicker than 27-year-old Seymour Beach Conger, Berlin correspondent of the New York *Herald-Tribune*. He was expelled last November, after he had been in the Reich capital only six weeks. The story was told in *Time* magazine.

Conger succeeded Joseph Barnes as *Herald-Tribune* correspondent in Berlin. Barnes had gone home for a rest, weary of Nazi threats to muzzle him. Within two hours of his arrival in Berlin, says *Time*, Conger had telephoned more people than Joseph Barnes knew. Most of them were young Nazis who had once been his schoolmates, for Conger was born in Berlin, the son of the late Seymour Beach Conger, who spent 13 years in Russia and Germany for Associated Press and was attached to the German Army during World War I. He was graduated from the University of Michigan in 1932, went around the world twice, and joined the *Herald-Tribune* staff in 1937.

The cause of Conger Jr.'s Berlin downfall was the following dispatch which appeared under his byline in the *Herald-Tribune*: "Nazi Germany probably is more confused today than it has been since the days in 1939 when the Hitler Government first came to power. . Submarine crews in Hamburg have been refusing to leave on trips unless they are released from the necessity of coming to the surface before torpedoing belligerent commercial vessels. For some time certain persons have been firmly convinced that Germany intended to invade the Netherlands . . It was learned today that the conservative Army high command flatly refused to countenance any such action . . "

The message had slipped easily through the German censorship, says *Time*, for the censors concentrate on suppressing "undesirable" writers, not undesirable words. But next day, when the corps of correspondents gathered in the Berlin propaganda ministry for their regular morning conference, Dr. Karl Bomer, head of the press department, grimly read passages from Conger's dispatch, exclaiming: "Lies! . . Scoundrelly reporting! . . False to the last syllable!" Another Nazi propaganda official reportedly added: "It's worse than a lost battle!"

Conger was deprived of his right to attend press meetings or send dispatches, because of this "violation of the hospitality of the Reich." Dr. Bomer offered to restore his privileges if the *Herald-Tribune* would print a retraction. Editor Grafton Wilcox of the *Herald-Tribune* said: "If there is an official German denial, we'll print that." But there was no German denial. A Nazi agent handed Conger his passport and visa and he departed for the United States via the Netherlands.

"Other newsmen in Berlin, though they sympathized with Conger's predicament," says *Time*, "were undeniably irked by his lack of discretion. Since the war began they have been allowed far more latitude than correspondents in London or Paris, have sent their dispatches uncensored on condition that they report nothing unfavorable to Germany. Now they fear that Conger's exploit will serve as an excuse to end this comparatively comfortable system, wind foreign journalists into a stricter web of censorship."

Conspiracy of Silence on India Maintained by Press Agencies

IF we were obliged to rely exclusively on British sources for news concerning current happenings in India, we should know exactly nothing of what is occurring in that vast country with its 375,000,000 people. The *Reuter* agency is either burying its head ostrich-like in the sand, or—much more likely—it is being prevented from circulating any information.

That the Waziris and Mahmuds on India's northwest frontier are in revolt against British rule, and that military measures have been instituted to suppress the

The India Scene

Thomas in the Detroit News

rebellion, we can learn from scanning the American press, which keeps India events well-covered from neutral and "enemy" sources.

Fortunately, there is no British censorship at Shanghai which can prevent American newspapers and periodicals from reaching this city. Apart from the American papers, however, the only channel of news on India is the German *Transocean* agency, and their dispatches rarely find their way into the local newspapers. Through this agency there has been reported not only the revolt on the northwest frontier, but also the progressive stiffening of the All-India National Congress in its demand for constitutional government as the price of India's cooperation with Great Britain in the European war.

The Congress executive committee, according to a *Transocean* report from Kabul on Jan. 4, has adopted a resolution calling for civil disobedience as one of the methods of the struggle for India's independence. If true, this important decision should have been reported by the British and other news agencies in Shanghai—if only in justice to this international community of newspaper readers.

But not a word! The only news concerning India which *Reuter* has reported recently was an item stating that a regiment of Gurkha troops had landed in France. The French *Havas* agency, which before the war published numerous reports from India, is cooperating with the British in the conspiracy of silence.

P.S.—After the foregoing was written, the *Reuter* agency broke its long silence on India by a report out of Bombay, dated Jan. 8, which quoted Mahatma Gandhi as declaring, in his newspaper the *Harijan*, that the organization of the All-India National Congress shows signs of disintegration!

Nippon War Machine Said Slowing Down

JAPAN'S war machine in China has grown creaky and slow, according to a tabulation prepared by the China Information Committee in Chungking, showing that the Japanese military advances in China slowed down in 1939 to an average daily speed of one kilometer from a daily average of 12 kilometers in 1937.

The Committee illustrated its findings by means of a chart, which is reproduced on this page. The chart, taken in conjunction with the Committee's tabulation, which is as follows, needs no explanation.

1937 (FROM JULY TO DECEMBER)

Points & Lines of Advance	*Distance in Kilometers*
Peiping-Suiyuan Railway:	
Peiping-Paotow	600
Tungpu Railway:	
Tatung-Pingyao	300
Tientsin-Pukow Railway:	
Peiping-Taian	400
Pukow-Chuhsien	50
Nanking-Shanghai Railway:	
Nanking-Shanghai	250
Shanghai-Hangchow Railway:	
Shanghai-Hangchow	150
Kiangnan Railway:	
Nanking-Wuhu	70
Peiping-Hankow Railway:	
Peiping-Anyang	400
Total distance of Japanese advance	2,220
Average daily speed	12

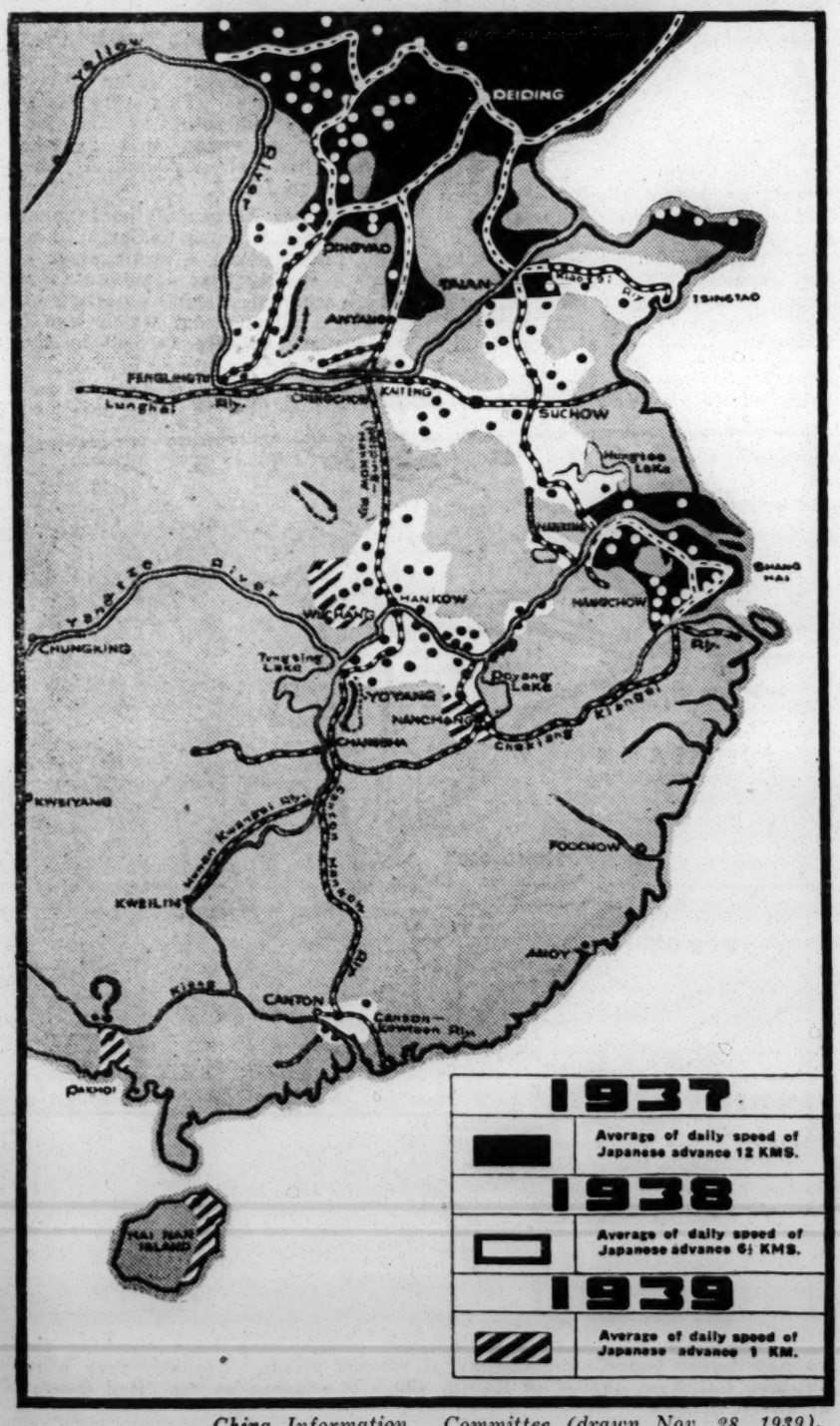
1938 (FROM JANUARY TO DEC.)

Tungpu Railway:	
Pingyao-Fenglingtu	300
Tientsin-Pukow Railway:	
Chuhsien-Taian	450
Peiping-Hankow Railway:	
Anyang-Hankow	550
Kiaotsi Railway:	
Tsinan-Tsingtao	300
Kiukiang-Nanchang Railway:	
Kiukiang-Yungsiu	50
Canton-Hankow Railway:	
Wuchang-Yoyang	150
Yangtsze River:	
Wuhu-Yoyang	550
Total distance of Japanese advance	2,350
Average daily speed	6.5

1939 (FROM JANUARY TO NOV.)

Nanchang-Kiukiang Railway:	
Nanchang-Yungsiu	50
Kwangsi:	
Pakhoi-Yamhsien	50
Hainan Island	100
Hupeh:	
Tsaoshih-Chungsiang	100
Total distance of Japanese advance	300
Average daily speed	1

Advance of Japanese Army Retarded



China Information Committee (drawn Nov. 28, 1939).

American Girl Drives Chinese Red Cross Truck

A pretty 24-year-old American girl, Miss Betty Graham, of Seattle, Washington, is driving an International Red Cross truck between major cities in southwest China, braving the dangers of the Sino-Japanese hostilities.

Arriving at Chungking on Jan. 7, Miss Graham was to be on the road again on Jan. 10 when her truck was scheduled to depart with medical supplies for Kweiyang, capital of Kweichow.

She left Shanghai last November and travelled alone from Ningpo to Kweilin, and later to Kunming and Kweiyang.

In 1936 Miss Graham was arrested in Manchuria as a spy and sentenced to a long term of imprisonment. The sentence was rescinded, although, as she recalled in an interview here. "I enthusiastically offered to go to jail."

In 1937 she made a trip from India to Europe overland via Afghanistan and Persia.

Japanese Place Huge Rice Orders in Thai

Two Japanese firms, the Mitsui Bussan Kaisha and the Mitsubishi Shoji Kaisha, have placed orders for 500,000 tons of Thailand rice, according to a *Havas* report from Bangkok. Delivery of the rice is scheduled for this year and will account for nearly one-third of Thailand's total rice exports, which are expected to total 1,700,000 tons in 1940.

China Estimates Japan's Casualties; NipponFliersBombYunnanRailway

POSSIBLY inspired by a communique issued Dec. 29 by the Imperial General Headquarters in Tokyo, in which it was asserted that Chinese forces had left 1,218,-452 dead on various battlefields during the period from July, 1937 to November, 1939, with total Chinese casualties given as some 3,000,000, the Military Affairs Commission in Chungking, on Jan. 8, issued a statement on Japanese casualties. The Chinese statement, like the earlier Japanese communique, mentioned only casualties said to have been suffered by the "other side."

According to the Chungking statement, the Japanese Army has suffered 1,400,000 casualties on Chinese battlefields since the start of the Sino-Japanese war in 1937, losses being at the rate of 50,000 men a month. No hint was given of the ratio of dead to wounded.

Yunnan Railway Bombed

Major military news in China during the past ten days has come from Yunnan province, where Japanese aircraft have been carrying out perpetual bomb attacks on sections of the railway which runs from French Indo-China to Kunming, capital of Yunnan province, and which is one of China's last remaining supply lines. There has also been heavy fighting in northern Kwangtung, with both Chinese and Japanese claiming spectacular victories.

Reports received in Hongkong from Hanoi (French Indo-China) on Jan. 6, *Domei* reported, asserted that traffic on the Yunnan-Indo-China Railway had been disrupted since Jan. 2 due to destruction of or damage to bridges, tunnels and various sections of the track during bombing raids in the vicinity of Hokow, Pochai and Hwakiao. Engineers and repair gangs were being dispatched from Kunming and Hanoi to make repairs, it was stated, but traffic was not expected to be resumed for at least a week.

Later bombing raids were carried out in the vicinity of Mengtze, an important city through which the railway runs. The stretch of track between Kunming and Kaiyuan was bombed on Jan. 5. On Monday of this week, according to a communique issued by the headquarters of the Japanese China Seas Fleet, naval aircraft were continuing their attacks on the line at various points between Mengtze and the Indo-China border.

Object of Bombings

The object of the raids was outlined on Jan. 4 by a Japanese naval spokesman in Shanghai. Bombing of the Yunnan railway, he said, was designed to stop the supply of munitions going to Chinese forces from abroad. Political considerations, he added, did not enter into the question, the action being dictated by military necessary. When the supply of arms and munitions bound for Chungking by railroad had been seized (sic) the attacks would be brought to an end.

Reports on the fighting in northern Kwangtung have been copius and contradictory. The Chinese military spokesman in Chungking announced on Jan. 4, according to *United Press*, that the Japanese "Christmas offensive" in that region had been completely crushed and that the Japanese forces had suffered 12,000 casualties. Almost 3,000 Japanese corpses were strewn on the blood-soaked battlefield at Liangkow, north of Tsungfu, on Jan. 2, the spokesman asserted, describing the Chinese triumph as a "second north Hunan victory."

A little later, on Jan. 7, according to a *Central News Agency* dispatch published in Chungking and brought to Shanghai by *United Press*, Japanese troops in northern Kwangtung, completely demoralized, were in full retreat southward along the Canton-Hankow Railway, with Chinese troops in hot pursuit.

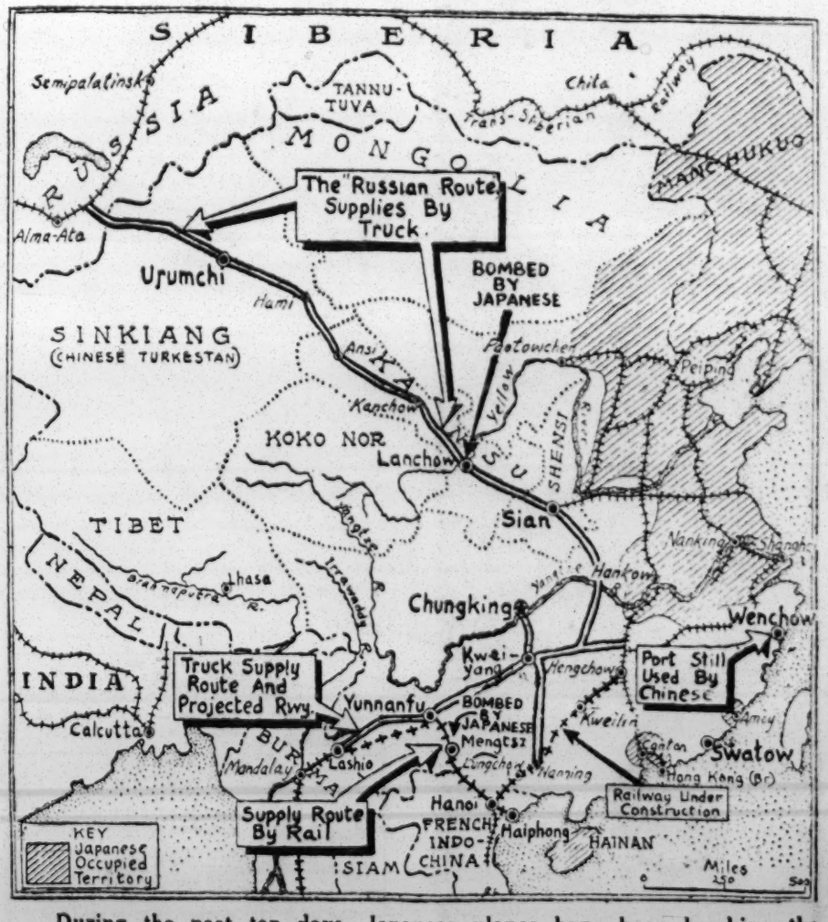
All this was flatly contradicted by the Japanese. The local Japanese Army spokesman, on Jan. 5, said that Chinese troops in northern Kwangtung had been "completely disorganized" by a Japanese counter-offensive launched on Dec. 25 and brought to an end on Jan. 2 when Japanese troops halted their advance to reorganize, "having achieved their original objective." The previous day, the same spokesman had made substantially the same assertions, but with unconscious humor had added: "The Chinese Army, I am sorry to say, is no match for Japanese forces. I am really sorry for the Chinese."

Japanese Claim Success

Also on Jan. 4, according to a *Domei* report from Hongkong, Japanese forces were engaged in an "annihilating offensive" in the mountainous region of northern Kwangtung, advancing along a line linking Yungyun, Sunfeng, Lungmoon, Fatkong and Yingtak. The main forces of Gen. Yu Han-mou's Twelfth Group Army were said to have suffered "smashing defeats" under furious Japanese attacks. This story contradicted the assertion by the local Japanese spokesman that Japanese troops had already halted their advance on Jan. 2.

The Press Bureau of the Japanese Expeditionary Force to South China, at Canton, issued a communique on Jan. 8 stating that Japanese forces had achieved their objective in northern Kwangtung, which was to "annihilate Chinese forces" in that

Where Nippon Bombers are Active



During the past ten days, Japanese planes have been bombing the Yunnan-French Indo-China Railway at various points. Recently they were bombing Lanchow, capital of Kansu, which is situated on the "Red Route" to Soviet Russia.

region. Since the Japanese launched their drive on Dec. 24, the communique asserted, they had reduced "thousands of positions," and advanced to Yungyun, Samhwachen and Yingtak.

Oblique Killing Admission

An oblique admission that the Japanese Army usually follows the practise of killing Chinese war prisoners was contained in a *Domei* dispatch from Canton on Jan. 7, which said that 1,325 Chinese soldiers, "forming what is believed here to be the largest number of Chinese prisoners taken in one encounter since the Sino-Japanese hostilities began two and a half years ago," had been taken captive on Jan. 4 in the mountains north of Lutien in northern Kwangtung.

According to a *Kuo Min* report from Loyang on Jan. 8, a notable victory culminating in the annihilation of 3,000 Japanese troops was scored by units of the 40th Army under Gen. Pang Ping-hsun in the Changtze sector, southeastern Shansi, on Jan. 4.

Enthusiastic comment on the reported Chinese victories in northern Kwangtung was made by the *Shun Pao* on Jan. 8. They were another indication of the "desperate plight of the Japanese Army in China," the journal asserted. Describing the campaign, the paper said that after their debacle in northern Hunan toward the end of last year, the Japanese had diverted their attention to the invasion of South China. Some 80,000 Japanese troops participated in the "Christmas offensive" along the southern section of the Canton-Hankow Railway. For a moment, the paper continued, the Japanese seemed to be making rapid advances. But the offensive was soon checked and hurled back by the Chinese in their "New Year Counter-Offensive." In the brief space of three days, the Japanese were forced to retreat over a distance of 200 *li* (more than 66 miles) and suffered heavy losses both in men and war materials.

Guerrilla Raid Reported

According to a *Kuo Min* report from Sian on Jan. 5, Chinese guerrillas launched a night raid on Shihchiachwang, junction of the Peiping-Hankow and Chengting-Taiyuan Railways in western Hopei, on New Year's Day. They penetrated into the city and withdrew at dawn next day after they had dynamited the electric power plant and inflicted heavy casualties on the Japanese garrison.

Japanese troops killed "at least" 11,567 Chinese officers and men in a year's fighting in the hilly regions between Shanghai and Hangchow, Japanese military sources in the latter city asserted on Jan. 5, according to *Domei*. The figure was arrived at by a count of the dead left by the Chinese after each engagement, it was stated.

Gen. Toshizo Nishio, commander-in-chief of the Japanese Expeditionary Forces to China was congratulated on Jan. 5 by Field-Marshal Prince Kotchito Kanin, chief of the Army General Staff of the Imperial General Headquarters in Tokyo, for the "success achieved by troops under his command against Chinese forces engaged in a winter offensive since the middle of December," *Domei* reported.

Chungking Reveals Foreign Doctor's Work for China

Details of the death of Dr. Norman Bethune, a Canadian, in North Shansi, and his activities as a volunteer physician with the Chinese Army, were disclosed this week by official sources in Chungking.

Dr. Bethune, who came from Montreal, died on November 13, after he had developed bloodpoisoning when he cut his finger while performing an operation on a wounded Chinese guerrilla.

Despite all efforts to save his life the doctor, who was known among Chinese as "the benefactor of the guerrillas," drew his last breath amid a group of colleagues in a guerrilla district behind Japanese lines in north Shansi.

Just before his death, Dr. Bethune was planning to leave China and conduct a lecture tour and fund-raising campaign in the United States, to aid medical relief for Chinese forces in Shansi.

Dr. Bethune saw service in the World War and was among the Canadian volunteers for medical work in Spain. He came to China in the summer of 1937, soon after the outbreak of Sino-Japanese hostilities.

He operated on an average of 130 patients a month, sometimes performing 10 to 15 operations daily. From April to July, 1939, he performed 315 operations, walked 500 miles, established 13 first-aid dressing stations, organized two medical units, conducted a series of technical lectures and formed a model hospital.

People's Political Council Urges Embargo on Japan

On Jan. 5, with only three weeks to go before expiration of the American-Japanese Treaty of Commerce and Navigation, the People's Political Council, of which General Chiang Kai-shek is chairman, passed a resolution urging the United States Government to proclaim an embargo on the export of war materials to Japan, *United Press* reported from Chungking.

In a statement to *United Press* in Washington on Jan. 5, Senator Key Pittman, chairman of the Senate Foreign Relations Committee, said that he did not contemplate action by his committee on the previously-proposed embargo against Japan until after the existing trade treaty between the United States and Japan had expired.

Senator Pittman said that he personally favored a mandatory embargo on American exports to Japan, but such a measure would not be likely to obtain the approval of Congress at the present time.

Emperor Hirohito Reviews Military Parade in Tokyo

Fifteen thousand soldiers, cavalry, artillery, tank units, and more than 260 Army airplanes participated in a military review for Emperor Hirohito in Tokyo on Jan. 8, as one of the preliminary observances of the 2,600th anniversary of the founding of the Japanese Empire. The Emperor witnessed the parade mounted on his favorite horse, White Snow, *Domei* reported.

Nippon Trade Group Arrives in Moscow

Arrival of a Japanese trade delegation in Moscow, payment by Japan to the Soviet Union of the final installment of the purchase price of the North Manchuria (former Chinese Eastern) Railway, and a resumption of negotiations for delimitation of the Manchukuo-Outer Mongolian frontier—all occurring within the past ten days--have furthered, plans for a Soviet-Japanese rapprochement.

The Japanese trade delegation, charged with the task of negotiating a commercial treaty with the Soviet Union, arrived in Moscow on Jan. 4. Consisting of five members, it is headed by Mr. Shikao Matsushima. Conferences have already taken place with Foreign Commissar Molotov in the Kremlin.

The Soviet-Japanese dispute over payment by Japan (or Manchukuo) of the final installment on the purchase price of the North Manchuria Railway was ended the following day when, according to a *United Press* report from Moscow, the Japanese Industrial Bank in Tokyo handed to M. Constantin Smetanin, the Soviet Ambassador, a check for Yen 5,809,565.

And on Jan. 7, the mixed commission of Japanese, Manchukuoan, Soviet and Outer Mongolian delegates, meeting in Harbin, resumed discussion of the Manchukuo-Outer Mongolia border problem. Previous meetings had been held at Chita.

American Mission in Kwangsi Looted, Burned

Japanese soldiers looted and burned the American Christian and Missionary Alliance mission at Lungchow, Kwangsi, on December 21 and 22, despite the fact that the property was prominently marked with American flags, the Reverend Harry E. Lang reported in Peiping on Jan. 10, according to *United Press*.

The report from the Rev. Lang, who is in charge of the mission at Lungchow, which is very close to the Indo-China border and was the scene of sudden Japanese attacks last month, reached Peiping Jan. 10 and disclosed for the first time the action of the Japanese soldiers.

They entered the mission on December 21 and looted it, he said in his report. They returned the following day, he added, and burned the property. He emphasized that they burned the property despite the display of American flags and proclamations, clearly indicating that the mission was American property.

Hua Hsing Bank Publishes Statement on Note Issue

Hua Hsing Commercial Bank notes and subsidiary notes in circulation on Dec. 31 totalled H.H.$5,075,462.70, according to a statement issued by the bank on Jan. 4. This was an increase of H.H.$569,289.30 over the amount in circulation on Dec. 15, the statement said. Bank notes totalled H.H.$5,057,841 and subsidiary notes H.H.$17,621.70. on Dec. 31. The cash reserve of the bank at the end of the year amounted to H.H.$5,075,462.70.

American Economic Sanctions Would Not Halt Japan's China Program, Tokyo Writer Asserts

BY SHINSAKU SHIMADA

(Translated from the January issue of the Hanashi)

IMPOSITION of sanctions against Japan is now one of the most popular subjects among American political commentators with the existing Commerce and Navigation Treaty of 1911 scheduled to expire on January 26 if no arrangement should be made by that time between Japan and the United States. In the eventuality of a treatyless situation, the Washington Administration would be authorized, subject to approval by Congress, to impose upon Japanese goods whatever discriminative tariff it would like, and to prohibit the exportation to Japan of any specified American commodities. Should the situation come to the worst, full-fledged economic sanctions would probably be applied to this country. This is particularly because the business world across the Pacific seems to have acquired a great deal of reserve strength of late, due to the recent recovery of business. Even we Japanese must admit that there is some fear of an embargo being placed on such key materials as iron, steel, copper, scrap-iron and petroleum.

Wishful Thinking

As to the possible effects upon Japan of their economic sanctions, however, the Americans are apparently guided by their own wishful thinking. Most of the anti-Japanese radicals in America believe in dead earnest that the embargo on key materials and the boycott of Japanese goods would prove the shortest way of bringing to an end the current Sino-Japanese hostilities favorably for the Chinese. Some others, far smaller in number, are of the view: "A moderate sanction has indeed little effect, but a drastic one would lead to open warfare. In our opinion, the former will do for the time being." Still others advocate an economic sanction in the nature of a moral gesture.

Irrespective of the minor differences between their opinions, the anti-Japanese sanctionists agree on the following three points: (1) that the Sino-Japanese conflict should be wound up as early as possible; (2) that Japan's campaign for greater productivity should be obstructed or retarded lest she should develop into a first-class industrial nation, and (3) that their moral indignation against the alleged aggression should be manifested through sanctions.

Nippon-American Trade

Statistics show that in 1938 Japan imported from the United States 15.9 per cent of her total incomings and shipped thereto 34.3 per cent of her aggregate outgoings. Needless to say, America is the heaviest vendor to and customer of this country. Japan still occupies an important place in the picture of American foreign trade, although her position has been waning of late. In 1938, Japan comprised 7.7 per cent of the total exports from the United States, being the third largest market for American goods next to Canada and Great Britain, and 6.4 per cent of the total imports thereto, being the second largest supplier next only to Canada.

These figures, at first glance, point to our extreme dependence upon the United States in both movements of commodities. Naturally the Americans talk bombastically, "We control the life-line of the Japanese" or something like this. But it is a hasty generalization to assert that the American economic sanctions would deal a fatal blow to this country. In my opinion, the effects of this American move, however serious they might be, would not at all be in the nature of a death-blow to Japan. Application of economic sanctions presupposes the worst case where foreign trade statistics in time of peace cannot tell a true story. Further, nothing is more amateurish than for the American die-hards to think that "chastisement" by the Washington Government would force Japan to give up her task in the Asiatic continent.

American commentators often fail to take into due account not a few important points when they discuss the question of American sanctions against Japan. For instance, they disregard the great amount of goods to be manufactured in Japan, Korea and Manchukuo and the scope of supply of materials from the south-eastern parts of Asia. Again, they make light of our stocks at home. And they refrain from touching upon the extreme difficulties to be involved in the proposed embargo. Before they rush to a conclusion that their sanctions would spell death to Japan, they should more carefully investigate the following five points: (1) industrial productivity in Japan and her

Japan Makes Hay While the Sun Shines

Herblock in Lynchburg News

"When the cats are away...."

Hutton in Philadelphia Inquirer

"We can almost smell the smoke!"

sphere of influence; (2) Japan's stocks of raw materials, particularly ores; (3) the possibility of Japan turning to other sources of supply than America; (4) manufacture of substitute goods, and (5) the scope of military needs for key materials and the possibility of greater productivity in Japan and her sphere of influence.

What Japan Must Import

Goods Japan must import at present are: munitions materials, such as scrap-iron, metals, petroleum and aircraft; and machinery and tools necessary for her program for expansion of productivity. Thus, the American ban on Japan-bound shipments would hit fairly hard our campaign for greater productivity, but it is hardly imaginable that this would deal so severe a blow that we would be obliged to stop our military operations in China. Japan and Manchukuo, through their respective industrial plans, are now making vigorous efforts for attaining self-sufficiency as to iron, steel, light metals, pulp, artificial oil, chemicals, machinery and automobiles. And their programs have been extended even to the occupied zones of China, along with the progress of Japanese military operations. Most military equipment is now manufactured at home. Although some machinery, automobiles and the like are still imported in fairly great amounts, their arrivals have been on the decrease of late.

Some foreign observers allege that the shortage at home of fuels, iron and some other key materials is an insurmountable obstacle for Japan to develop into one of the major industrial nations of the world. But this is not true and is refuted more than fully by the recent strides Japan has made in the field of heavy industry. In 1935 metals, chemicals, machinery and other heavy industrial manufactures accounted for about one-half of Japan's total production, and the ratio advanced to about 55 per cent in 1937. Thus, Japan's needs for metals, arms, ammunition and machinery are mostly covered by domestic production, although materials for them are still imported in not small amounts.

The Scrap-Iron Situation

Let me explain Japan's economic strength by referring to some examples. Some Americans declare that the stoppage of scrap-iron shipments from their country would force us to abandon our military campaign on the continent. But they not only exaggerate the importance of scrap-iron in our steel business, although the scrap-iron consumption is almost the same as that of pig-iron, but also disregard the stocks we have at home. Home supply of scrap-iron usually increases in line with the development of the steel industry, and Japan is no exception in this respect. In 1936 Japan turned out 5,500,000 metric tons of pig-iron and 4,500,000 metric tons of rolled products. One-half of the scrap-iron needs was supplied within the country, and one-third was imported from the United States. Scrap-iron imports from America totalled 19,120,000 metric tons in 1937 and dropped to 13,800,000 metric tons in 1938. On the contrary, steel production in the latter year increased remarkably. If account is taken of the increasing supply of scrap-iron from the battlefields in China, as well as the recent progress of the steel industry here, we may well anticipate that the local supply of this material will keep pace with the advance of the local needs.

The same can be said of iron ore. Major sources for this important material are Manchukuo, China and the Malay Peninsula. In 1936 about three million metric tons of iron ore was produced in Japan and her sphere of influence, while imports in that year totalled 3.8 million metric tons, of which about 1.3 million metric tons came from China. With vigorous efforts being made for exploitation of deposits in North Korea and the eastern border district of Manchukuo, ore production is expected to increase tangibly in the future.

As to pig-iron, Japan can buy it from British India and Soviet Russia, in case the United States imposes an embargo on its shipments.

Petroleum a Weak Spot

Even in the case of petroleum shortage, which at home is considered the most vulnerable point of Japan, there is no cause for extreme pessimism. Home production is indeed negligible by the side of the ever-increasing needs for liquid fuel, but America is not the sole supplier and we can import it from other markets. The encouraging fact in this connection is that oil output in the Netherlands East Indies has been increasing in recent years. The only obstacle to smooth importation of Mexican oil is the difficulties involved in transportation from the Atlantic coast to the Pacific. But the Mexican Government is reportedly planning to construct either a railway or a pipeline traversing the Isthmus of Tehuantepec.

Not less important is the fact that oil stocks in the hands of local refining interests have been boosted greatly owing to the storage regulations. Because Japan has refining capacity large enough to meet her needs for refined products, she only has to import crude oil. Besides, the artificial oil industry, which has been undertaken by several firms, will make strides in the future, although its rapid promotion is being retarded. Further to be recalled here is that Admiral Mitsumasa Yonai, the then Navy Minister, in March, 1939 declared before the Diet, "Japan has 35 tankers with a total capacity of 350,000 tons, and eight new ones are now under construction." A corollary of the foregoing is that Japan will never sustain a lethal blow from the American oil embargo.

Sufficiency of Light Metals

The situation is far better in the case of magnesium, aluminum, rubber and tin. The light metals are now produced almost sufficiently at home, and it is easy for Japan to secure the supply of the latter two materials from the South Seas.

Space does not allow the writer to delve into the effects of the American boycott against Japanese goods. Suffice it to say that the question of our export trade would not in the least be a life and death one, should the worst come upon us. To repeat, the allegation that an economic blockade by America would force Japan to cast by the board her China policy is nothing but a day-dream of anti-Japanese jingoists. The Americans must know that they cannot take this action "short of war," unless they are fully prepared against our retaliation.

Friends of Finland Fund Still Mounting

Additional contributions to the Friends of Finland Fund, raising the totals to £34.10.0d., U.S.$10 and Ch.$8,266.60 as of Jan. 9, 1940 have been acknowledged by the Finnish Legation, which receives all donations at the Shanghai office, 301 Route Cardinal Mercier. New contributions were as follows:

Egal et Cie, $25; H. Oberlander, 10 shillings; Dr. L. Vieron, $50; I. R. Greves, $100; Felix Bouvier, $100; Mme. Jean Rome, $30; Dr. R. Sundsbak, £10; A Friend of Finland, $50; Mr. & Mrs. Finn Berge, $200; K. R., $5; Pharmacie Moderne, $20; Mr. & Mrs. B. C. Sienkevitch, $20; Mr. & Mrs. W. Bell, $20; Mr. Woo, $50; Y. H. Clearec, $50; "B," $25; Mme. Delga, $20; A. J. La Payne, $100; Mr. & Mrs. L. D. Gholson, $15; P. A. Moe, $50; Mr. & Mrs. H. J. Christensen, $50; "O.K.," $50; Ting Yue Poe, $5; Erzinger & Co., $500; Mr. & Mrs. A. R. Eisenhut, $100; Hongay Sales Ltd., $500; "Cash," $100; "Ein Amerikaner," $38.60; E. Morelieras, $20; D. S. Barbash, $25; "Akki," $50; "Gwaa," £2; A Hundred British Sympathizers, $100.

J. D. Carriere, $100; "We Seven," $10; Dr. A. P. Lusztig, $25; British Friends, $50; C. M. McD., $25; American, $100; "D," $20; A. S. Jaspar, $20; Mr. & Mrs. E.H.P., $10; D. R., $10; Mme. Claude Riviere, $10; P. M. Anderson & Co., $50; G. B. Rosen, $5; G.G.P., $10; H.I., $10; T.K.H., $10; E.T.N., $5; T.L.R., $5; T.B., $5; J.C.G.; $5; N.M.H., $5; C.C.O'C., $5; F.D.L., $5; K.I., $2; Miss L.J.H., $2; Miss R.N., $2; Jean Donne, $25; A.H.B., $10; En ven, $25; Ukrainian Emigrants' Committee, $30; Cte. Olivier de Sayve, $50; A. Turko-Tartar, $2; N.C. MacGregor, $250; Mrs. W. Tornroth, $10; Capt. W. Tornroth, $10; Mrs. H. P. Brown, $10; Mrs. J. T. Janszen, $10; Mrs. E. L. McAllister, $10; Mrs. Dolly Chiang, $10; Miss Anna Loo, $10; Miss Lucy Yuen, $10; J. & W.H., $100; Mr. & Mrs. Theodor O. Schmid, $100; Wallem & Co., £10; V. Ogiloie, $5.

Additional contributions to the Finnish Red Cross, of which the largest single amount is $6,045 collected by the Danish Association in Shanghai, have brought the total raised locally for that organization up to $6,670, the Finnish Legation announced.

French Official Donates To Japanese Red Cross

Growing French-Japanese amity was seen in the announcement made in Hankow this week, and reported in Shanghai by *Domei*, that M. Louis Renaud, French Consul-General in the Yangtsze city, who is being transferred to Hongkong, has donated $500 to the Japanese Red Cross Society. The money will used to "comfort" sick and wounded Japanese soldiers, the Japanese agency said.

The Chinese Communists and Wars on Two Continents

Interviews with Mao Tse-tung

BY EDGAR SNOW

Editor's Note: Numerous questions have been asked about the effect on the Chinese Communists of Stalin's new policy in Europe. A pertinent question, for example, is whether they believe a Russo-Japanese pact is now a possibility. How do they reconcile their own position, in a United Front, with a foreign policy seeking the support of the "democracies," with their adherence to a Comintern which has announced its hostility to governments of those democracies, and its aim to bring about revolt against them, and their defeat in the present war?

What would the Chinese Communists do if Russia sent troops into Mongolia and Sinkiang to "liberate the oppressed minorities" there, as in Poland, or to fight "imperialist war-mongers," as in Finland? What, in fact, remains of the United Front between the Kuomintang and the Communists in China, the only place in the world where a combination of such a character survives? Are the Communists satisfied with their present relations with the Kuomintang? What is their policy in dealing with the sporadic renewal of civil war practices against their troops, as led and encouraged by certain sections of the Kuomintang?

Do the Communists still insist upon the "prolonged war" against Japan, and upon "democracy" inside China? Do they think that the Chinese people can win either objective during the present struggle? Is their only internal political aim to realize democracy, or do they still aspire to lead a social revolution in China?

Edgar Snow brought back from the Northwest, as a result of a recent trip there, authoritative answers to many such questions, as given by Mao Tse-tung, at his Yenan headquarters. Mao is the acknowledged leader of thousands of Communists in China, Manchuria, Korea, and Mongolia, among whom he is still known as "Chairman Mao," as in the day of the "Chinese Soviets." He is also the most powerful single figure in the semi-autonomous Communist-controlled "border governments," which now rule a vast territory inside and adjacent to the guerrilla war areas in northern China. The following text covers the main content of interviews Snow held with Mao shortly after Chou En-lai flew to Moscow to act as the Chinese Communist Party's representative at the Kremlin.

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1. THE UNITED FRONT AND PROBLEMS OF POLICY

QUESTION BY SNOW: There seems to exist some discrepancy between the Kuomintang's description of the political basis of the war, and the Communist Party's. The latter repeatedly emphasizes that the United Front is the political basis of the war (see Mao Tse-tung "The Protracted War," the "New Stage," etc.), while this phrase nowhere plays a role in the Kuomintang literature and statements. The Kuomintang sees the political basis of the war, as the submission of the Communists and all other political groups to the dictatorship of the Kuomintang.

Thus, in Chungking I had an interview with General Chang Chun, and asked him his opinion on this point. He said there was no question of a United Front, there was only one legal party in China, and but one legal government, the Kuomintang. The "Border Governments" were completely illegal and eventually would be abolished. General Chiang Ting-wen told me the same thing, in Sian. He said there was no other legal party in China except the Kuomintang. The Communist Party "ceased to exist" after its agreement with the Generalissimo. Therefore there was no question of a United Front. The Communist Party had no legal position whatsoever in China, although the former Communsits, as part of the Kuomintang Army, had a right to maintain offices and depots. Chen Li-fu last year said practically the same.

No Communists Left

Generalissimo Chiang Kai-shek himself recently told a German correspondent that "there is not a single Communist left in China," which obviously denies the legal existence of the Communist Party, hence the conception of the United Front.

What is your answer to such statements? Wherein lies the legal foundation of the United Front? The legal foundation of the Communist Party? Is it possible to have a nominal United Front between two parties when one party denies the existence of the other?

ANSWER BY MAO TSE-TUNG: The United Front has already existed for some time. In the mind of the people, and in their utterances, the United Front is recognized as something real as well as nominal. But a small minority, while in reality it must acknowledge the United Front, verbally tries to deny it. We call it Ah Q-ist, and its method Ah Q-ism.

Hitler Made a Discovery

In Lu Hsun's famous story about Ah Q, the latter, though always wrong, nevertheless convinced himself that he was always right. If you do not believe that just refer to "The Real Story of Ah Q." There is a certain group of people who attempt to ignore facts, like Ah Q. and like Adolf Hitler. You know Hitler said some time ago that the Soviet Union was only a name, and maintained that there was really no such country in the world. But after a while Hitler became more educated, and made some progress. On August 23, 1939, Hitler discovered not only the nominal existence of the U.S.S.R., but the reality of it. (He signed a non-aggression pact with the Soviet Union.—E. S.)

Progress Anticipated

Among China's Ah Q-ists there are many who will make similar progress. If today they still deny the existence of the United Front it is quite possible that they may recognize it as a reality in the future.

One of the Kuomintang members I met recently was the veteran Chang Chi (who visited Yenan as part of a Comfort Corps en route to various fronts). He did not deny that there was a United Front nor did he deny the existence of a Communist Party. It is possible that there are Kuomintang members who deny the existence of Communists only when the Communists are not in front of them. Perhaps they think that, as long as no Communist stands before them, there is—at least for that moment—no United Front.

Submission to Dictatorship

As for the question of our submission to the dictatorship of the Kuomintang, perhaps some Kuomintang members believe that to be actually a fact. They are free to think as they like, as long as they have the freedom to eat and sleep. Personally, I support the democratic principle of Sun Yat-sen, and I will not prevent them from thinking as they like. In fact, just now, I am too busy to bother about it.

I don't know clearly what the other groups think, but I know that since the first day of its existence the Communist Party has been entirely independent, and has never sacrified its independence for one day, one hour, or one-half a minute. It has never submitted to any party or any group or any person. It is the most difficult thing conceivable to secure such submission.

You say that Generalissimo Chiang is reported to have denied the existence of Communists in China, but I don't think that can be true. Mr. Chiang Kai-shek is a statesman and possesses not only political common sense, but something more. Secondly, since Mr. Chiang is the leader of anti-Japanese resistance, he should not have said such a thing. Third, if he really did say that, is it not in contradiction to a former speech. On December 23, 1937, Mr. Chiang made a statement in which he fully recognized the legal status of the Communist Party. Hence I do not believe that it is possible for Mr. Chiang to have made such a statement, since it is lacking in political sense, and is contradictory to his previous statements.

And yet it is true that the legal position of the Communist Party is

really very incompletely realized. The Chinese Government has never carried out the promise it made, in 1937, to give the Communist Party full legality. There is likewise no legal basis for other non-Kuomintang parties. This simply proves that China is not a constitutional, democratic, and united country, and is not entirely legalistic. No wonder all the people and parties of China want to conclude the "period of tutelage" (under the Kuomintang).

Border Government Recognized

The Shensi-Kansu-Ninghsia Border Government has been recognized by Mr. Chiang Kai-shek ever since the Sian Incident, and especially since the middle of 1937, when the Executive Yuan formally ratified legislation giving it a legal position. Why was such a bill ever promulgated and why did the Central Government approve the appointment of officials for the Border Government, if both are illegal? Such confusion on the part of high officials merely suggests that their standard of efficiency is really too low. It should be improved.

QUESTION: China's foreign policy emphasizes that China's struggle is on the side of democracy, and against fascism, and that China belongs in the ranks of the democratic powers. Is there, then, any basis for such a claim that China is a democratic country? Has China made any progress toward democracy since the war began? Have the people gained any political power? Here I don't refer to conditions in the Border Regions, or in the guerrilla areas, but to that part of Free China under the direct control of the Central Government.

ANSWER: The only basis for such a claim lies in the official name of our state. It is called *Chung Hua Min Kuo*—the Chinese Republic. But if we refer the claim to reality it is obviously not true. China is not a democratic country. Dr. Sun Ya-sen's principle of democracy has existed for decades now, but so far it has not been redeemed. Hundreds of millions of Chinese want to see it realized, and some day it probably will be realized. When that happens we will have some other justification for the use of democratic slogans; and I hope it will be soon.

Democracy Needed to Resist

Democracy is necessary not only as a diplomatic phrase, but much more necessary for successful resistance to Japan.

QUESTION: If China has not made any progress toward democracy during the war, what change has actually taken place in the character of the Central Government? Is it not still an exclusively Kuomintang dictatorship?

ANSWER: There have been some changes in Government policy, if not in the Government itself. Most important is that the Government actually shouldered the burden of beginning the anti-Japanese resistance. But as regards other policies, especially those referring to the realization of the principles of livelihood and democracy, there have been no changes.

We cannot say that there has been any organic change in the Government. It is still a one-party dictatorship. This has aroused discontent in the whole nation, and it is a condition which must be changed. During the recent session of the People's Political Council at Chungking, Generalissimo Chiang is reported to have supported a proposal that all the talented people be mobilized, regardless of party affiliations, to work for the country. The Council itself proposed that the "period of tutelage" be brought to an end, and that constitutional government be established. The country as a whole demands these improvements in domestic policy, and if they are not realized China will be dismembered.

Would Enter a Coalition

(During another conversation I asked Mao whether the Communists would actually participate in a coalition government, if they were offered any cabinet posts. I said I had been told that in 1938, when the Government was at Hankow, one or two minor cabinet posts had been offered to the Communists, but that they had declined. It was said that the Communists did not want to take part in a coalition government because they were afraid the foreign powers might not approve of such a development, it would frighten wavering Chinese elements into the camp of compromise and defeatism, and the Communists did not want to assume any responsibility in a Government in which they could not control policy. Mao Tse-tung denied that any cabinet posts had ever been offered the Communists. He said that if any such proposal were made, the Communist Party would be glad to participate.)

QUESTION: Have any changes occurred in the class basis of the Chinese Government as a result of the war?

Rich Became Traitors

ANSWER: Yes, there have been some changes. The richest people along the seacoast and in the cities along the Yangtsze River have become traitors and semi-traitors. This group finds representation in Wang Ching-wei. People of this class can no longer be relied upon to support the Government. The basis of an anti-Japanese government today should mainly rest upon the middle class and the vast peasantry. These are the great classes maintaining the struggle.

QUESTION: Do you mean that the Government actually represents the middle class and the peasantry more than it did formerly?

ANSWER: It does not—but it should. Unless it gives those classes more representation in its policies the Government must remain weak and ineffective. In the sense of its war policy, only, the Government

"Until Death do us Part"

This variation of the Stalin-Hitler marriage theme, produced by a Japanese cartoonist, appeared in the East Asia Review, fortnightly Japanese English-language journal published in Shanghai.

represents a wider strata than landlords and bourgeoisie, but in its domestic policies—concerning livelihood and democracy—it represents the same class interests as it did before the war.

QUESTION: Because the Communist Party has abandoned propaganda emphasizing class conflict, abolished its Soviets, submitted to the leadership of the Kuomintang and the Kuomintang Government, adopted the San Min Chu I, ceased confiscating the property of landlords and capitalists, and stopped organizational work and propaganda in the Kuomintang areas, many people now assert that Chinese Communists are in fact no longer social revolutionaries but mere reformists—bourgeois in methods and in aims. How do you answer such claims? Do you not still maintain that the Chinese Revolution is anti-imperialist and anti-feudal, with the possibility of transformation, at a certain stage, into socialist revolution, and that the responsibility of the Communist Party is to lead the nation toward that revolution.

"We Are Never Reformists"

ANSWER: We are always social revolutionaries; we are never reformists. There are two main objectives in the thesis of the Chinese Revolution. The first consists of the realization of the tasks of a national democratic revolution. The other is social revolution. The latter must be achieved, and completely achieved. For the present the revolution is national and democratic in character of its aims, but after a certain stage it will be transformed into social revolution. The present "becoming" of the social revolutionary part in the thesis of the Chinese revolution will turn into its "being"—unless our work in the present phase is a failure, in which case there is no early possibility of social revolution.

QUESTION: Has China also the possibility of developing, before or after the completion of the anti-imperialist, anti-feudal revolution, toward fascist dictatorship? Are fascist groups in China increasing or decreasing in strength?

Fascism Said Impossible

ANSWER: There is no possibility of a fascist dictatorship in China. Half of the country is already colonized. The other half is menaced by the same fate. Chinese economy is still semi-feudal in character. Those are reasons why our fascist-dreamers have no future. If, in the past, we described a certain Chinese political organization as "fascist," and if we now refer to that force, we can see that it is weakening not strenghening. But it is misleading to apply the term "fascist" to such a force, for China is fundamentally too weak (in economic development) to support a fascist movement. Those who imagine otherwise, and try to create "fascism" in China, are destined finally to break their necks.

QUESTION: The Communist Party claims to hold hegemony over the workers and peasants of China. Aside from the leadership of the peasants in the border regions, and the leadership of the Red Army, which has some proletarian elements, how does the Communist Party in actual practice assert its leadership over the industrial proletariat of China—80 to 90 per cent of which is now dwelling in places held by Japanese imperialists? In what way is the Communist Party educating both peasants and proletariat to be conscious of the present anti-feudal aims of the revolution.

ANSWER: Yes, it is true that we claim such leadership over the peasants and workers, and it is of two kinds, political and organizational. In the Shan-Kan-Ning Border Region, and in the guerrilla districts under the Eighth Route Army, we possess not only political leadership, but organizational hegemony. Elsewhere the Communist Party leadership is more indirect, but wherever peasants and workers are organized in conformance with Communist Party main principles they are really following our leadership.

(Under this logic it is evident that the Communists consider all the armed forces participating in the anti-Japanese war as under their influence, since resistance is the central demand of the Communist Party in the present stage of the revolution. Other people would quickly deny this, and call it wishful thinking; but it is the logic which enables the Communists to endure other restrictions on their activity. As long as resistance continues, they believe, revolutionary struggle continues, and consequently the period of "transformation" draws nearer.—E.S.)

People Come to Understand

You ask how the Communists are educating the workers and peasants (in non-Communist areas) to fight against Japan and against feudalism. Something can be done, and is being done, by propaganda. Much is done through the organization of anti-Japanese activities, through which also the people can come to understand the necessity for the overthrow of feudalism.

QUESTION: Do you think the war thus far has strengthened or weakened the feudal elements in China? Just where, in the present Communist program, are the anti-feudal aims of the revolution expressed? Are they being realized anywhere outside the Border Regions? Is it possible to win the war unless the anti-feudal program of the revolution is simultaneously carried out on a national scale?

ANSWER: In the present stage of the revolution the problem of primary importance is resistance to Japanese imperialism. Anti-feudal tasks may for a while have to be subordinated to the major anti-Japanese issue. Our anti-feudal program in this period consists of demands for nation-wide democracy, and the improvement of people's livelihood by such measures as the reduction of rent and loan interest.

The Democratic Movement

There is a democratic movement growingly widespread among not only workers and peasants but also among students and other youths, intellectuals, progressive writers, scientists, statesmen, military men, etc. The obstacle that confronts this movement is an archaic political system. The problem is how to change that political system (without endangering resistance) *for unless it is changed, and unless democracy is realized, there can be no victory in the anti-Japanese war.* (Italics mine—E. S.)

Resistance and Democracy are the two edges of a single sword. Some people pretend to support resistance but to reject the principle of democracy. In reality they do not want to use either edge of the sword. They are dragging the anti-imperialist struggle toward failure.

Yenan, Sept. 25, 1939.

(A further installment of Mr. Snow's questions to Mao Tse-tung, and the answers given by the latter, dealing with international questions, will appear in next week's issue of The Review.)

Japanese Burn Mission; Censors Delay Report

Telegrams by the *Reuter* agency reporting the burning by Japanese troops of the English Methodist Mission hospital at Chuchia, near Wutingfu in Shantung, on Christmas Day, were delayed by Japanese censors, it was reported this week.

The first message, filed at Tsingtao on Jan. 4 at 6.15 p.m., took more than 48 hours to reach Shanghai over the system of the Japanese-controlled radio company (sole means of communication between the two cities), while a second message, in which the Japanese authorities in Tsingtao were said to have admitted the burning of the hospital, was delayed nearly 24 hours. Normal transmission time is never in excess of three hours.

Japanese authorities in the Shantung port, according to the latter message, admitted that the British mission property had been burned by Japanese soldiers, but refused to give the name of the unit responsible or to furnish guarantees against further similar happenings on the ground of alleged "discrimination" practised by the Mission. The practise of the mission hospital in treating wounded Chinese guerrilla fighters is believed to have been responsible for the Japanese act of incendiarism.

Moscow Purges Some More of the Purgers

The City Court in Moscow on Jan. 4 sentenced three women and two men to fifteen years' imprisonment for false denunciation of alleged anti-Soviet activity of scientists connected with the Leningrad Academy of Science, *United Press* reported.

The court charged that the defendants systematically engaged in blackmail. They maliciously denounced a hundred men and caused their arrest for anti-Soviet activity, the charge claimed.

Chungking to Mint New Coins in Aluminum

In order to meet the shortage of subsidiary currency in certain parts of China, especially Shanghai, the Ministry of Finance in Chungking, according to a *Kuo Min* report, has decided to authorize the Central Mint to coin one-cent and five-cent coins in aluminum. They will be placed in circulation in the same manner as the one-cent and five-cent notes which were issued recently, the report stated.

Thugs Make Attempt to Kill Phillips; Marine Shoots Drunk Nippon Soldier

ADMIT GUNMEN ARRESTED

Confirmation of early newspaper reports on the shooting, in which it was stated that the men who attempted to kill Mr. Phillips had been taken into custody by the Ta Tao police, was forthcoming on Tuesday of this week when the S.M.C. issued a communique reporting, inter alia, a visit paid to Mr. Phillips on the afternoon of Jan. 6 by Mayor Fu Siao-en of the "Special Municipality." Mayor Fu congratulated Mr. Phillips on his escape and said he had received information by telephone during the morning from the Ta Tao police that the would-be assassins had been arrested. The S.M.C. communique also stated that during Jan. 6 and 7 the Special Deputy Commissioner of the Shanghai Municipal Police and Crime Branch Headquarters made repeated requests for the handing over of the prisoners, but were informed by Major Hayashi and Major Fugino at Japanese Gendarmerie Headquarters that no arrests had been made in connection with the case.

SHOOTING incidents involving Mr. G. Godfrey Phillips, Secretary and Commissioner-General of the Shanghai Municipal Council, and an American Marine and a Japanese soldier, occurred last week-end to stir up the already muddied waters of international relations in China.

Just after leaving his home at 633 Avenue Haig on the morning of Jan. 6, Mr. Phillips was fired at by a Chinese would-be assassin disguised as a ricsha puller and had a narrow escape from death or injury. Two men took part in the attempt on his life, but only one fired the shots. In attempting to escape from the scene of the crime, the two men were reportedly apprehended by private armed guards in the employ of the Sun Sun gambling house near the Avenue Haig-Route Ferguson intersection. The guards, it was said, heard the firing and saw the pair disappear into a straw shack where presumably they intended to discard their disguises.

Guards Arrest Pair

Following them, the guards placed the pair under arrest and then are said to have taken them to 76 Jessfield Road, "Badlands" headquarters of the "Social Affairs Department" of Wang Ching-wei's "Orthodox" Kuomintang. From there, according to report, the culprits were transferred to the "Ta Tao" (puppet) police station near the Avenue Haig-Great Western Road intersection, later being moved to 94 Jessfield Road, which is the Western District headquarters of the Japanese gendarmerie.

The local Japanese military, through the *Domei* agency, vigorously denied that the would-be assassins of Mr. Phillips were in their custody, having been handed over to them by the "Ta Tao" police. They also denied a press report alleging that Major-Gen. F. Keith Simmons, officer commanding British forces in the Shanghai area, had protested to the Japanese gendarmerie over the "attempted murder of a British subject in the British defense sector," where the shooting took place.

On the afternoon of Jan. 6, the denial stated, the British authorities sought to obtain custody of the would-be assassins by requesting the Japanese gendarmerie to hand them over, but inquiries established that the assailants of Mr. Phillips had not been captured by the "Ta Tao" police and consequently never were placed in the custody of the Japanese gendarmerie.

The Unsolved Mystery

Whether the assailants were arrested or not thus remains a mystery. Reports that they had been nabbed were widespread and were even published on the evening of Jan. 6 by the two local Japanese dailies, *Tairiku Shimpo* and Shanghai *Mainichi*. The *Tairiku Shimpo* said it was being assumed that the attack on Mr. Phillips was carried out by "paid agents of the Chungking regime" in an effort to break down conversations now going on between the Shanghai Municipal Council and the Special Municipality of Shanghai ("Ta Tao" — of which Fu Siao-en is Mayor) regarding the administration of the extra-Settlement roads.

A more popular theory is that the attempt on Mr. Phillips' life was made at the instigation of "Badlands" gangsters who have reason to fear that a regularization of the outside roads by agreement between the S.M.C. and the "Ta Tao" authorities may endanger their lucrative gambling and opium rackets.

The method of the attack on Mr. Phillips is interesting. His car had just left the driveway of his home when he observed two unoccupied rickshas whose pullers appeared to be about to dash across the road. The chauffeur sounded his horn in warning, but the two "ricshamen" dashed forward—one in front of the car to halt it and the other right into the left side of the car. The man pulling the ricsha which struck the left side of the car whipped out a pistol and fired at Mr. Phillips, who promptly dropped to the floor of the vehicle as several more shots came in rapid succession.

A Narrow Escape

The chauffeur stepped on the accelerator and drove the car rapidly out of range of further shots. One bullet had passed just under Mr. Phillips' legs and pierced the far rear door of the car. Another was embedded in the upholstery near where he had been sitting. Before firing the first shot, the gunman looked straight at Mr. Phillips and was therefore well aware that he was firing at a foreigner. Whether he knew Mr. Phillips' identity is, of course, not known, although the apparent careful arrangement of the plot suggests that a deliberate attempt was made to kill the S.M.C. official. To obviate any further attempts on his life, police guards have been posted at Mr. Phillips' house and the area is being patrolled day and night by police and military.

Anti-Foreign Posters

On Jan. 5, the day before the attempt on Mr. Phillips, a large number of anti-foreign posters appeared in the Western District, purporting to emanate from the Kiangsu-Anhwei-Chekiang Fourth Route Peace and National Salvation Army. They contained such slogans as "Disclose the Intrigues of the White People!" and "Drive the White People out of Our Territory!"

Mr. Phillips is not the first high official of the S.M.C. to have been attacked. An attempt was made to kill Mr. Sterling Fessenden, secretary-general of the S.M.C. who resigned last summer, when he was chairman of the Council in 1925. The attempted assassination followed the famous May 30 incident on Nanking Road, when a number of students were fired on and killed by police of Louza Station.

U.S. Marine Shoots Japanese Soldier

The other outstanding shooting incident occurred in the Legation Quarter of Peiping in the early morning of Jan. 5, when an American Marine on sentry duty at the American Embassy shot and wounded a Japanese soldier who attempted to climb the Embassy wall. An announcement on Jan. 6 by Col. A. H. Turnage, commander of the Embassy Guard, said that the incident had been amicably settled.

Investigation is said to have shown that the Japanese soldier, who suffered only a broken rib, was returning to barracks from a belated New Year's celebration. Drunk, he entered the Embassy compound where 17 Marines are quartered. He was not observed until he attempted to scale the wall. Two Marine sentries challenged him, and when he continued to climb opened fire. Four shots were fired, but only one took effect. The wounded man was given emergency treatment in the guard hospital and then transferred to a Japanese hospital, where he started to make a rapid recovery.

Shanghai-Canton Air Service Inaugurated

Air service between Shanghai and Canton, under the auspices of the China Aviation Company, a Japanese concern, was inaugurated on Jan. 1 when a Douglas DC-2 took off from Shanghai on a round-trip between the two cities which occupied 12 hours' flying time. The plane departed at 7.45 a.m. by way of Taihoku (Formosa) and arrived at Canton at 3 p.m. At 8.15 a.m. on Jan. 2 it took off from Canton and arrived here, after a stop at Taihoku, at 4.25 p.m.

In future, when the route via Foochow and Amoy is followed, the time schedule will be reduced, the *Tairiku Shimpo* reported.

Fate of Abe Cabinet Seen Dependent Upon Formation Of Puppet Government Under Wang Ching-wei

TERMS FOR 'PEACE'

Quoting official Japanese sources, *United Press* reported from Tokyo on Jan. 9 that a compromise peace agreement had been reached between Japan and Wang Ching-wei, on the basis of which a new central government is to be established by Wang in Japanese-occupied China. The agreement reportedly provides:

1. Wang's recognition of Manchukuo.

2. Signing of an anti-Comintern alliance between Wang, Japan and Manchukuo.

3. The stationing of Japanese troops in North China and Inner Mongolia under the anti-Comintern defense agreement.

4. Joint economic development and exploitation of China's natural resources.

5. Japan's pledge to withdraw her troops from central and south China within two years after a peace agreement is arranged between Wang and Japan.

6. Nationalization of China's railways.

WILL the puppet Wang Ching-wei government make its debut on January 15? There has been talk to that effect during the week. As far as the general situation is concerned, however, it seems that an additional puppet regime, even if it comes into being, can scarcely affect it one way or the other. Chungking will probably ignore such a regime, while the Chinese public will take it jokingly. China's war of resistance is most likely to continue and the Japanese hope for an early conclusion of the hostilities will remain a hope. Judging from Tokyo dispatches, even Japanese officials, promoters and sponsors of the projected administration, are not taking it seriously and see no end of the China war in sight.

The fate of the Abe Cabinet seems to hang on its skillful management of the Wang Ching-wei show. If Premier Abe manages well, the life of his cabinet may possibly be prolonged. Otherwise, he will have to give in, despite his threat to dissolve the Diet in the event that a vote of non-confidence in his government will be returned after the Diet resumes session on Jan. 21.

Hata Demands Resignation

It was revealed on Tuesday of this week by the *Kokumin Shimbun* that War Minister Gen. Hata had demanded that Premier Abe resign. After conferring with leading generals last week-end, Gen. Hata, according to the paper, bluntly explained to the Premier the Army's reasons for deciding that a settlement of the "China Incident" should not be utilized as an excuse for prolonging the life of the cabinet. The War Minister was reported to have urged Premier Abe to quit office in view of the strong opposition to him throughout the nation.

Meanwhile the Japanese press and news agencies are capitalizing on the visit of the British Ambassador, Sir Archibald Clark Kerr, to Chungking as a fresh source of tendentious propaganda. Rumors of British mediation in the Sino-Japanese conflict are again revived, while the allegation is also made that Sir Archibald will bring pressure to bear on Chungking to abandon its pro-Soviet policy.

Reports from both Japanese sources and "Orthodox" Kuomintang circles indicate that feverish preparations are being made for the inauguration of the new puppet "Central Government," which will follow the formation of the "Central Political Council." The Council will have 28 members, it is said, of whom 18 will be appointed by Wang Ching-wei and five each from the Peiping "Provisional Government" and the Nanking "Reformed Government."

Tokyo officials have been busy during the week in expediting the execution of plans for the early formation of the Wang regime, though the date, January 15, still seems to be tentative. On Monday of this week, the Japanese cabinet held an emergency session at which fundamental policies regarding the establishment of the new China regime were approved. Premier Abe intimated that an agreement had been reached between Wang Ching-wei and the Japanese military authorities in China, but failed to make known its contents or the basic principles approved by the cabinet.

Meanwhile, the Asia Development Board, Japan's supreme organ for the control and direction of China affairs, gave approval to a decision reached by the War Office regarding the new China regime plan, but details of the decision were likewise unrevealed. Indicative of the importance of the Board meeting, it was attended by Premier Abe and the Ministers of War, Navy, Finance and Foreign Affairs. The Board's approval was finally given after an explanation by Gen. Heisuke Yanagawa, inspector-general of the Board.

As a result of these measures, political circles in Tokyo predicted that the "big three of China," Wang Ching-wei, Wang Keh-min and Liang Hung-chih, would confer either in Shanghai or Tsingtao in the middle of this month to decide on final plans for the launching of the new regime.

In spite of his apparent enthusiasm, War Minister Gen. S. Hata indulges in no illusions about the effectiveness of the Wang Ching-wei government, even if it is established. In a statement issued last week, Gen. Hata warned the Japanese people against hoping too much from the projected Chinese "Central Government," whose inauguration, he said, will not mean an early settlement of the China affair. He urged the necessity for continued vigorous cooperation on the part of the nation for the establishment of a "new order" in East Asia.

War Office Role

Judging by reports from Tokyo, the War Office is playing an important role in retarding or hastening the formation of the Wang government. Probably it was due to strong opposition by the War Office chiefs against the creation of a puppet central administration in Japanese-occupied China that the inauguration of the Wang regime has been delayed.

First Turkish Envoy to China

Photo by Thomas Kwang

Picture shows the arrival in Chungking on Dec. 21 of M. Eminali Sipahi, Turkish minister to China and the first such envoy ever accredited. He is seen at center, accompanied by his wife, who is carrying the bouquet. They arrived by plane from Hongkong.

Whether their opposition has been overcome or not cannot be ascertained, although they now seem prepared to give Wang an opportunity to demonstrate his ability as Japan's No. 1 puppet in China.

In the present drive for the establishment of the Wang regime, it was the War Office that started the ball rolling. On Jan. 5, the executive heads of the various War Office bureaus held an important conference, based on reports brought to Tokyo by officials from China with a complete formula for the establishment of a new central China administration agreed upon between Wang Ching-wei and Japanese military authorities. The conference lasted for more than six hours, during which the War Office executives discussed various questions surrounding the formation of such a regime and finally reached an agreement on the formula. Their decision was first referred to the Asia Development Board and then to the Cabinet. Now, with the Cabinet's approval, it is reported that the decision has been submitted to the Emperor for final sanction before being put into execution.

Army in Accord With Wang?

Writing in the *North-China Daily News*, Percy Whiteing, correspondent in Tokyo, said that an agreement of views having been reached by leading army officials on the draft of the accord with Wang Ching-wei, the new China regime is expected to be established in February or March. The draft of the accord represents a summary of the understanding reached between Mr. Wang and Japanese leaders in Nanking over the year-end. Gen. S. Itagaki, chief-of-staff of the Japanese command in China, is understood to have given it his approval. While details are not available regarding the contents of the accord, it is said that it provides concrete measures of Japanese assistance to the new regime.

Following the emergency session of the cabinet, Secretary-General Ryusaku Endo issued a statement to the press affirming the Japanese government's decision to "bend every effort to assist the establishment" of the Wang Ching-wei government in China. Mr. Endo declared that the ultimate objective of Japanese military action in China had been clarified by a statement issued by the Japanese government on Nov. 3, 1938 and by the statement of the former Premier, Prince Konoye, on Dec. 22 of the same year. Japan since had been endeavoring to achieve this objective through concerted action in military and political fields, he stated. He then referred to Wang Ching-wei as one of those Chinese who responded to Japan's wishes and favored active cooperation with Japan. Therefore, Endo concluded, Japan had decided to give him positive assistance in his efforts to form a new government.

Abe Faces Opposition

Despite his strenuous efforts to patch up things in China and Japan before the Diet resumes session on Jan. 21, Premier Abe's position remains precarious. Political quarters in Tokyo expressed the belief that the fate of his cabinet will be decided in the middle of this month at the latest. Not only the opposition of the House to his government continues unabated, but Premier Abe is also facing the growing dissatisfaction of his cabinet colleagues, the most prominent among whom is Navy Minister Yoshida. In a lengthy conversation with the Premier, Admiral Yoshida asked him about his views concerning the present position of the cabinet in view of the growing opposition against it. The Tokyo *Asahi Shimbun* professed to see considerable significance in this step of the Navy Minister, "since the Navy Minister had up to now passed over in silence the repeated political errors committed by the Abe Cabinet."

Chinese papers in Shanghai express the opinion that another cabinet crisis in Japan is unavoidable in view of the mounting opposition against Premier Abe and his lack of concrete achievements. Since the Japanese invasion of China, the *Shun Pao* remarked, the Japanese cabinet has been thrice reorganized.

The Konoye Cabinet, which launched the Japanese invasion, resigned in January last year, after being in office for one year and six months. The Hiranuma Cabinet, which succeeded the Konoye Cabinet, remained in power for eight months, and was succeeded in August by the Abe Cabinet. The present cabinet has been directing the affairs of the Japanese Government for four months. If the Abe Cabinet should also resign, it will be seen that the life of each succeeding Japanese cabinet has been shorter than that of its predecessor.

The Abe Cabinet has made a feeble attempt to demonstrate Japan's military prowess, the *Shun Pao* observed, but has met with disastrous consequences. Because of the failure of its domestic and foreign policies, the Abe Government is looked upon with disfavor by both the Japanese Army and Japanese political parties. The opposition of the Diet members is viewed by the *Shun Pao* as the forerunner of the fall of the Abe Cabinet.

Wang's Officers on Parade

Wang Ching-wei staged a display of his military organization last Saturday (Jan. 6), when some 800 cadets of his "Central Military Officers' Training Corps" paraded in Hongkew Park before a party of pressmen. The show was conspicuous by Wang's absence. His two chief aides, Dr. Chu Ming-yi and Gen. Yeh Peng, dean of the Corps, played host to the visiting newspapermen. Gen. Yeh made a speech elucidating the stand taken by him and his comrades.

With "peace," "anti-communism," and "national reconstruction" as its guiding principles, the "peace" army is being trained in Shanghai under the leadership of Mr. Wang as chairman of a new Central Executive Committee of the "Orthodox Kuomintang." General Yeh emphasized these points in his speech and in reply, as a representative of the guests, Mr. H. G. W. Woodhead, publisher of *Oriental Affairs*, wished him success in a short speech. No third-party diplomatic representatives attended. A Chinese and a Japanese newspaperman also made short speeches in response. M. C. Ford, International

Puppet Politician and Puppet Commander

North-China Daily News photo

Dr. Chu Ming-yi and Gen. Yeh Peng were hosts to a group of foreign newspapermen at a military review of Wang Ching-wei's Central Military Officers' Training Corps, held in Hongkew on Jan. 6. Gen. Yeh (right) was formerly garrison commander of Wuhan and is now dean of the Corps.

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News Service correspondent, was the only American newspaperman present.

Chu Ming-yi More Active

As secretary-general of the "Orthodox" Kuomintang, Dr. Chu Ming-yi lately has taken a more active part in Wang Ching-wei's "Peace Movement." In a radio broadcast from the Central Broadcasting Station in Shanghai, Dr. Chu spoke on the following four points: 1. National salvation can only be achieved through the Peace Movement; 2. Bolshevism is a public menace; 3. The aim of the Peace Movement being national reconstruction, the peace terms obtained should be accepted by the entire Chinese people; 4. Sino-Japanese cooperation for the realization of Pan-Asianism.

Supplementing the propaganda efforts of the Japanese *Domei* service, the *China News Agency*, personal organ of Wang Ching-wei, lately has been flooding Shanghai newspaper offices with reports. Under a Hongkong dateline, the agency alleged that considerable anxiety prevailed in Chungking over the present Japanese-American and Soviet-Japanese negotiations and that Chungking's foreign policy was at the crossroads.

Discussions in Moscow

According to the Wang organ, the future Anglo-American policy toward China will depend on the outcome of Sino-Soviet relations, terms of which are being discussed by Gen. Ho Yao-tsu, Chungking's special envoy to the Kremlin. Meanwhile, it was alleged that Dr. Hu Shih, Chinese Ambassador to Washington, had been instructed to urge the United States Government to summon a Nine-Power Conference or to take the lead in mediating in the Sino-Japanese dispute.

Referring to Chungking's foreign policy, the agency claimed that Chungking was still wavering between a pro-Soviet policy and a pro-American policy. On the one hand, the agency alleged, Chungking intends to take advanvtage of the present Anglo-French entanglement in the European crisis to force the two powers to render further assistance to China. On the other hand, Chungking will warn the United States that unless assistance is forthcoming from America, it will be compelled to adopt pro-Soviet measures. Simultaneously, the Wang organ asserted, the Chungking government instructed Gen. Ho Yao-tsu to ask the Soviet authorities for more funds and military supplies to enable China to continue resistance against Japan.

Domei reported from Hongkong that important conferences were held in this first week of this month at Chungking and Yenan. The Chungking meeting reportedly opened on Jan. 2, but because of the inability of the leading commanders on various war fronts to attend, no important decisions were reached.

The Yenan Conference

The conference at Yenan was said to have been attended Gens. Mao Tse-tung, Chu Teh, Ho Lung, Chou En-lai, Chen Shao-yu and other Communist leaders, who were alleged to have decided upon the following four demands to be presented to Gen. Chiang Kai-shek:

1. The formulation of a diplomatic policy consonant with the war of resistance, so that it will conform to the international situation;

2. The immediate carrying out of the reorganization of the Executive Yuan and the establishment of a united "National Defense Government."

3. Suppression of anti-Communist movements.

4. Early inauguration of constitutional government.

For some unrevealed reason, Hu Nai-tai, Nanking's minister of justice, was demoted to the position of vice-president of the China Airways Company. Hu was apparently ousted from his office by his former assistant, Chu Li-ho who now heads the puppet justice ministry. Chu formerly was vice-minister of justice and was later transferred to the post of chief judge of the Supreme Court.

Kerr's Chungking Visit

The present visit of Sir Archibald Clark Kerr to Chungking furnishes a subject for numerous speculative stories from both Japanese and Wang Ching-wei sources. It was alleged that besides discussing with the Chungking leaders the Tientsin silver issue and the question of the reopening of the Yangtsze, the British Ambassador had been charged with a greater mission, namely, to mediate in the Sino-Japanese conflict. In view of the strained relations between Soviet Russia and the Anglo-French allies, a *China News Agency* report asserted, Sir Archibald would also ask the Chungking government to foresake its pro-Soviet policy. But, the report added, Sir Archibald's attempt at mediation would not be successful, as Chungking was now allegedly under the influence of the Communists. Further, it was claimed, Japan would reject any British mediation, since Japan had repeatedly declared that she would have nothing more to do with Chungking and therefore would refuse to negotiate peace with it directly or indirectly.

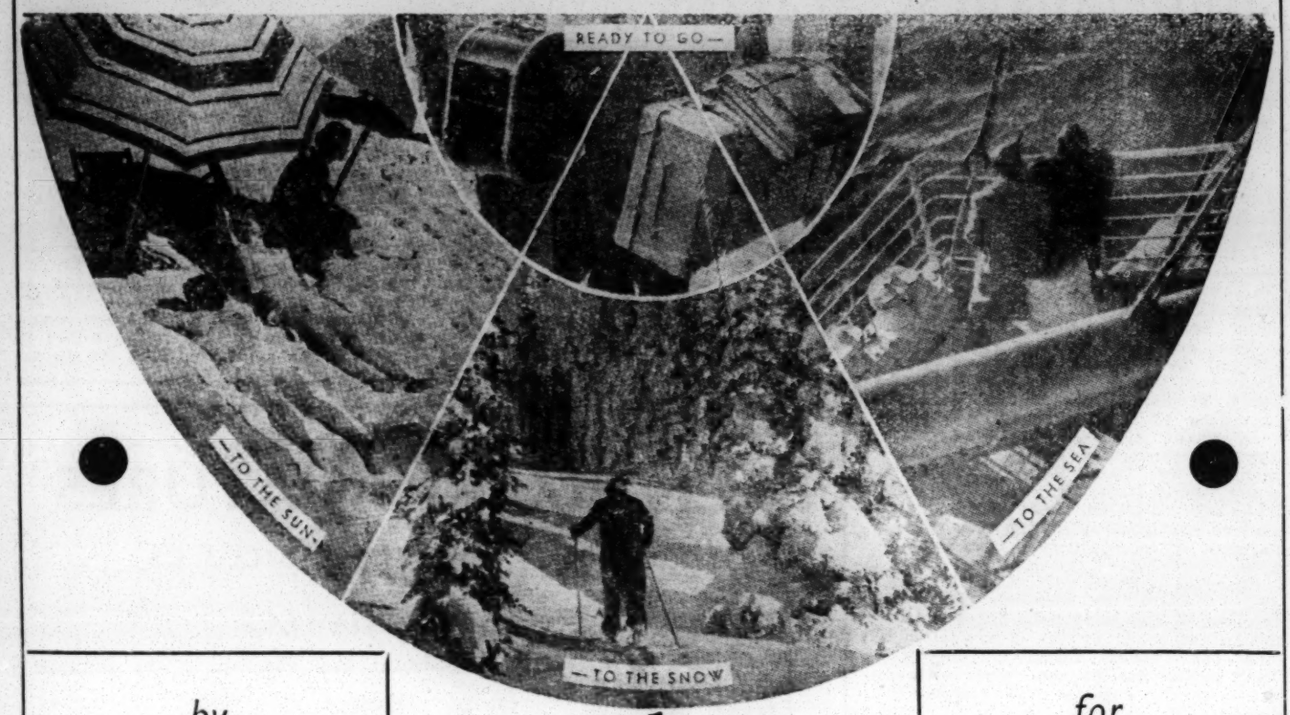
French Envoy Feted

M. Henri Cosme, the French Ambassador, and Madame Cosme, were honored at a reception given last week-end by the Sino-Franco-Belgian-Swiss Cultural Association at Chungking. Ambassador Cosme, in a speech, paid a tribute to China's resistance against Japanese aggression. He also made a donation of $2,000 towards the foundation fund of the assication.

Eminali Sipahi, the new Turkish Minister to China, called on Foreign Minister Wang Chung-hui last week and conveyed his government's thanks to Gen. Chiang Kai-shek for Gen. Chiang's message of condolence in connection with the recent earthquake in Turkey.

Gen. Wu Chung-hsin, chairman of the Mongolian and Tibetan Affairs Commission, who has been delegated by the National Government as its special envoy to attend the coronation of the 14th Dalai Lama at Lhasa, arrived in Tibet last week. Gen. Wu wil officiate at the coronation ceremony of the new Dalai Lama, which is scheduled to take place on Feb. 23.

TRAVEL AND RECREATION



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Outstanding Events in the Sino-Japanese War

A DAY-TO-DAY SUMMARY

First installment of this day-to-day summary constituting a complete record of outstanding events in the Sino-Japanese war on all fronts appeared in the September 11th (1937) issue of the Review.

December 20

Making further headway in their drive to recapture Nanning, Chinese forces occupied Wutang, 16 miles northeast of Nanning.

Fifty-four Japanese planes in six squadrons staged large-scale raids over Northwest China; Sian, Lanchow, Pingliang, Tienshui and numerous other cities heavily bombed.

Two Japanese military trains destroyed by Chinese troops north of Tecnen on the Peiping-Hankow Railway, south of Shihchiachwang on Dec. 18, according to Chinese report.

Important conference held (yesterday) at Chungking under the chairmanship of Gen. Chiang Kai-shek; many "secret issues" reported discussed. The only decision made public was that of exemption of native goods from payment of interport duty from Jan. 1, 1940.

Shanghai Municipal Council rejected "Mayor" Fu Siao-en's proposals relating to the joint policing of extra-Settlement roads by the Municipal and "Ta Tao" police. Claim of the "Ta Tao" authorities of the right to levy taxes in the outside road areas also denied.

***

December 21

Japanese forces at Nanning reported encircled and must depend entirely on air transports for munitions and food. Chinese artillery heavily bombarding isolated Japanese positions in the Nanning-Pingyang highway zone. Japanese airplanes resumed widespread raids in Kwangsi in an effort to crush Chinese counter-offensive.

Chinese troops in Suiyuan reported to have fought their way into Paotow, western terminus of the Ping-Sui Railway, where street fighting said in progress.

Chinese military authorities claim striking power of the Japanese is declining. They stated that the daily average Japanese advance in China in 1937 following the Chinese retreat from Shanghai was 7½ miles. In 1938 this average daily Japanese advance dropped to 5 miles. This year the figure dropped below one mile per day.

National Government ordered establishment of Gen. Chiang Kai-shek's Provisional Headquarters at Kunming, Yunnan capital, and appointed Gen. Lung Yun as director of the Headquarters.

British China Relief Fund in London cabled to Shanghai £3,000 for winter relief of Chinese war refugees.

***

December 22

Chinese artillery batteries shelled Nanning, as infantry neared the objective by storming Santang, 10 miles northeast of Nanning, according to Chinese field dispatch.

Chinese claimed major victory on the Suiyuan front. Paotow reported captured.

In Kiangsi Chinese forces reported occupation of Chingan, important city 45 kilometers northwest of Nanchang.

Japanese army spokesman in Shanghai denied Chinese claim that Japanese troops at Nanning were being encircled by Chinese forces. Asserted that the Japanese troops were making progress towards their objectives.

Belying Japanese allegations of dissension between Yunnan and Chungking, Gen. Lung Yun has so far sent to the fronts some 150,000 Yunnan troops which have participated in many battles, according to official Chinese statement quoted by **United Press.**

Miss Wu Mu-lan, 49-year-old revolutionary worker and member of the Kuomintang, assassinated in Shanghai. Was believed to be a political worker for the National Government and killed by anti-Chungking terrorists.

The **Central China Daily News**, organ of Wang Ching-wei in Shanghai, blamed the Japanese for holding up large shipments of rice to Shanghai, saying that the "solution for the production of cheaper rice in Shanghai is in the hands of Japanese authorities."

***

December 23

Fierce fighting raging some 30 miles northeast of Nanning, as Japanese troops launched fierce counter-attack on the highway to Pingyang. Chinese forces advancing on Nanning reported to have occupied a point on the highway, 15 miles northeast of the city. Chinese air force said giving active support to Chinese land units in the Nanning area.

Chennankwan, on the Kwangsi Indo-China frontier, and Lungchow, 50 kilometers northeast of Chennankwan, reported captured by the Japanese on Dec. 21; large quantities of military supplies said seized near the two towns. The Japanese Military Headquarters in South China announced that the Japan-

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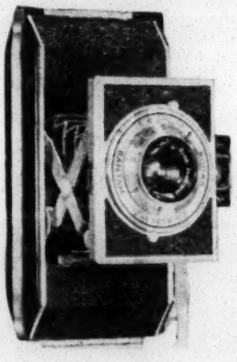

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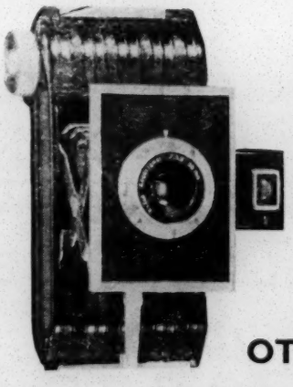

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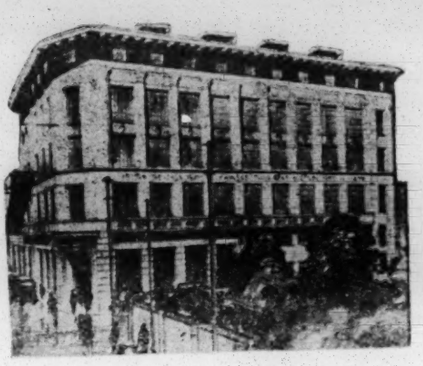

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ese troops evacuated the two cities after having accomplished their mission of destroying Chinese supply bases on the Indo-China border.

*
**

December 24

Fifty-nine Japanese planes bombed (yesterday) numerous Kwangsi cities. Kweilin, Kwangsi capital, and Liuchow in northern Kwangsi, said the hardest hit. Shaokwan, on the southern section of the Canton-Hankow Railway, also raided.

Alleged France recently advised China to "end" Sino-Japanese war as soon as possible in order to remove Japanese threat to Indo-China; China sharply rejected the French advice, reported the United Press from Chungking.

*
**

December 25

Chinese forces claimed further gains in their drive on Nanning; troops said 13 miles from the city. In Kiangsi, fighting at present centering in an area immediately north of Nanchang.

Large quantities of Chinese military stores were captured by Japanese troops at Lungchow, 50 kilometers northeast of Chennankwan, Japanese military spokesman at Shanghai claimed. He also asserted that the headquarters of Gens. Chang Fa-kwei and Yu Han-mou in Kwangtung were severely bombed by Japanese planes on Dec. 23.

Three alleged associates of Wang Ching-wei, namely, Chen Ming-chu, Liu Heng and Ho Shing-chien were shot and seriously wounded by gunmen at a cabaret on Yu Yuen Road. Chen and Liu subsequently died, while Ho reported in precarious condition.

In connection with the proposal for the early establishment of constitutional government in China, General Chiang Kai-shek advocated promulgation of a constitution. He said that the constitutional period and political training period may well proceed parallelly. It is not necessary, he added, for the constitutional period to come only after the completion of the political training period.

*
**

December 26

Chinese reports from Chungking stated that the Japanese forces advancing south-westward from Nanning towards Lungchow for the purpose of occupying the important pass of Chennankwan on the French Indo-China border, were still east of Lungchow. The Chinese High Command on the Kwangsi front declared that the Japanese forces northeast of Nanning were continuing to offer stubborn resistance. Meanwhile, heavy fighting also continuing at Paotow and Kweihua in Suiyuan. In Southeast Shansi, Chinese troops reported engaging the Japanese in street fighting in Changchih, after the Chinese had succeeded in forcing their way into the city.

Japanese forces in Kwangtung advancing north along the Tsengkiang river occupied (yesterday) Lungmoon, 110 kilometers northeast of Canton. Japanese reports said that thousands of Yunnan troops under Gen. Lu Han were pouring into Kwangsi to check the Japanese advance.

Three battles proceeding in Central China, according to Japanese field dispatch which situated that Japanese troops were engaged in sanguinary encourters with the Chinese in areas northwest, south and southwest of Hankow. Heavy casualties reported on both sides.

Chinese reports that guerrillas were increasingly active along the Tientsin-Pukow Railway, blowng up bridges and trains, were confirmed by foreign travellers arriving at Peiping by that railway.

Replying to Gen. Chiang Kai-shek's message of congratulations on his 60th birthday, Joseph Stalin cabled Gen.

Who's Who in China

Tanchu Lama, "Divine Child" of Chinghai (Chinese Kokonor) and candidate to become the 14th incarnation of the Dalai Lama, sovereign pontiff of Tibet; born of a peasant

Tanchu Lama

唐朱喇嘛

family in Labrang, Kokonor, 1934; although only five years old, he is described as a brilliant boy, dignified in bearing and serene in personality; after having been schooled for two years in the Tar temple in Chinghai, he was sent under an escort of Chinese and Tibetan dignitaries to Lhassa, capital of Tibet, in August 1939; as one of the three candicates for the chief priestship of Tibet, he is believed to stand a good chance of being chosen the 14th Dalai Lama on Feb. 23, 1940, when the coronation ceremony will take place; Chinese authorities are taking a particular interest in his selection as a successor to the 13th Dalai Lama, because should he be chosen the 14th Dalai Lama, it is expected that the bonds between China Proper and Tibet will be further consolidated.

Chiang saying, "I wish you complete victory over China's foes."

Huang Hsiung-liau, Cantonese, registrar of Chinan University, Shanghai, shot and wounded by two gunmen. Motive behind the attempted assassination believed political.

Majority of the French garrison at Tientsin, numbering 600 men, left for Shanghai. The strength of the French troops in North China now reduced to only 300 men.

In an address sent to the 8th annual meeting of the China Engineering Society now being held at Kunming, Gen. Chiang Kai-shek urged mobilization of all technical men in "Free China," which, he said, is necessary to insure Chinese final victory over Japan.

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Chinese Cost of Living Up Another 20 Per Cent

The cost of living for Chinese in Shanghai rose in December to a figure twice that of January, 1939 and three times greater than the figure for 1936, the pre-hostilities year, according to the findings of the Industrial Section of the Shanghai Municipal Council.

Indicating the steep rise of prices in December, the cost of living index reached the record figure of 304.06, with the 1936 base as 100. It was 19.45 per cent higher than the November index. The food index rose by 27.42 per cent over November, and fuel and light by 15.17 per cent. Clothing was up 3.63 per cent and miscellaneous by 8.36 per cent. The net effect on the purchasing power of the Chinese dollar was that it had dropped to $0.3289 of its 1936 value.

The Industrial Section is still collecting data with a view to establishing a cost of living index for foreigners in Shanghai.

Tokyo Experiments With River Craft for China

Experiments to develop new types of vessels suited for navigation in the inland waters of China will soon be launched under the auspices of the Japanese Ministry of Communications, according to a *Domei* report.

A tank 200 meters long and 10 meters deep has been built in the compound of the experimental station of the Mercantile Marine Bureau of the Ministry to carry out the tests of new designs in March. The tank will have a movable bottom in order to simulate various depths.

The models will be scale-models of proposed vessels reduced to one-twentieth of their original size. The ships, which will be built for navigation on the Yangtsze, the Yellow River and other inland Chinese waters, will stress economy of motive power so that they may be run with a maximum economy of fuel.

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Men and Events

Col. DeWitt Peck, new Commander of the U. S. Fourth Marines, made an official call on Lieut.-General Susumu Fujita, Commander of Japanese forces at Shanghai, on Sunday morning, Jan. 7. The call was

Col. DeWitt Peck

made at the Japanese military headquarters at Kiangwan and Col. Peck was accompanied by Lieut. Col. C. I. Murray, Chief-of-Staff; Capt. F. P. Pyzick and Lieut. R. E. Honsowetz. The American officers were met at Garden Bridge by a Japanese officer, Major Takashi Kishiname, and a motor escort consisting of a squad car carrying eight men with rifles and fixed bayonets. Col. Peck arrived in Shanghai last week to assume command of the Marines. He entered the U. S. Naval Academy at Annapolis in 1911 and was a classmate of Admiral Glassford, now in command of the Yangtsze Patrol. Col. Peck had service in Nicaragua, Haiti and Cuba and in Europe in the first World War. He was wounded at the battle of Mont Blanc and participated in the major engagement at San Mihiel. He remained with the Army of Occupation in Germany after the Armistice. Col. Peck was born at Bakersfield, Cal. on May 29, 1894. He has served on various occasions as Instructor in Tactics at Marine Officers' Schools and with the Marine forces at Quantico and San Diego and with the Fleet.

*

The U. S. Transport Henderson was scheduled to arrive in Shanghai this week-end from the United States, via Manila. The ship will remain in Shanghai only one day and will proceed to Chinwangtao, returning here on Jan. 18. The transport will carry, on the homeward journey, some 180 Marines who have completed their terms of service. A number of sailors attached to the U. S. Asiatic Fleet, whose terms have expired, will also return on the Henderson. Approximately 300 Marine replacements for duty here were reported to be on board the ship.

The Baltimore Mail Steamship Company has applied to the U. S. Maritime Commission at Washington for permission to operate four ships in the Orient service. The itinerary will include calls at Manila, Hongkong and Yokohama. According to report from Washington on Jan. 5 the Company has made a co-operative arrangement for sharing of business with the American President Lines.

*

H. B. Howard, Assistant U. S. Trade Commissioner, has returned to Shanghai from a trip to Chungking. Miss A. Viola Smith, Trade Commissioner and Trade Act Registrar, who also went to Chungking, returned to Shanghai aboard the President Pierce from Hongkong. Miss Smith travelled to Chungking by way of Indo-China and Kunming, making the trip from Kunming to Chungking by C. N. A. C. plane.

*

The Japanese Consul at Davao, Japanese settlement in the Philippines, apparently was the first sufferer from the American abrogation of the trade treaty with Japan. According to *United Press* the Filipino Secretary of Justice, Sr. Jose Abad Santos, notified the Japanese Consul that he would have to pay a city bicycle license, following expiration of the treaty late this month. Previously the Consul had been exempt from the bicycle tax due to provisions of the most-favored-nation clause in the treaty of 1911.

R. E. Gilliland, general manager of Anderson, Meyer and Company, is departing shortly for the United States on leave.

*

A. Bohomolec, Consul for Poland at Shanghai, has resigned and is departing shortly for France where he will join the Polish Legion for military service. Mr. Bohomolec was previously an officer in the Polish army.

*

M. E. Merriman, who once served with the old Pacific Mail Steamship Company, has arrived in Japan to become manager of the Yokohama office of the American Express Company. He succeeds James G. Ziegler, who has resigned and returned to the United States.

*

Frank Murphy, former U. S. High Commissioner to the Philippines and recently Attorney General in President Roosevelt's Cabinet, was appointed to the United States Supreme Court on Jan. 4. Mr. Murphy was born at Harbor Beach, Mich. on April 13, 1893 and is a graduate of the University of Michigan. He also studied at Lincoln Inn, London and Trinity College, Dublin. He taught law at the University of Detroit and was Mayor of Detroit from 1930 to 1933. He had service in Europe in the World War and was with the Army of Occupation in Germany. Mr. Murphy was the fifth member of the Supreme Court to be appointed by President Roosevelt.

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Bishop Ralph A. Ward of the Methodist Episcopal Church in West China, who recently returned from the United States, stated in an address at Chungking last week that there was little likelihood of the U. S.—Japan Commercial Treaty being renewed. He said there were fundamental international reasons for the termination of the treaty and so long as the reasons remained it was not likely to be renewed. He said there should be guarantees that such international agreements are respected.

*

Mrs. Sarah Hall Harris, mother of M. J. Harris, director of the Bureau of the *Assocated Press of America* in China, died at the home of her daughter, Mrs. Cowgill Blair, at Joplin, Missouri, on Jan. 1. According to cables received by Mr. and Mrs. Harris in Shanghai, Mr. Harris' mother had gone to Joplin to spend the holidays with her daughter. She was 73 years of age. Aside from her son here and daughter in Joplin, Mrs. Harris is survived by another son, J. S. Harris of Oklahoma City. Burial was at the old family home near Columbia, Boone County, Mo. Mrs. Harris visited in Shanghai in 1929 and is remembered by many residents of the city.

*

James H. R. Cromwell, husband of the "cigarette princess," the former Miss Doris Duke, who was appointed American Minister to Canada, visited in Shanghai and formerly was interested in an industrial enterprise here. His latest visit here was on the occasion of his honeymoon with the present Mrs. Cromwell, who is the daughter of the late James B. Duke, organizer of both the American Tobacco Company, and the British-American Tobacco Company. Duke later liquidated his holdings in the B. A. T., following enforcement of a British order in council requiring directors of British companies to be British subjects. His daughter, Miss Doris Duke, who inherited the bulk of his fortune, was said to have received approximately U. S. $50,000,000. Much of the fortune, according to reports at the time of his death, was derived from profits on the sale of cigarettes in China and India. Large sums and an endowment were also given to Duke University, Durham, N. C.

*

The Central China Electricity and Water Works Company, a subsidiary of the Japanese Central China Development Corporation, lost $167,234.62 last year, according to a report published in the *Shanghai Mainichi* last week. The Japanese paper said the total loss sustained by the Company since its organization was $736,662.42. The Central China Electricity and Water Works Company was organized by Japanese interests closely affiliated with the Army for the purpose of taking over and operating Chinese electric light and power plants and water works which the Japanese Army had seized from the various Chinese municipalities within Japanese-occupied territory. The Japanese military authorities in North China are now fostering a similar enterprise in that area, which will be capitalized at $100,000,000.

Dr. C. T. Wang, former Chinese Ambassador in Washington, and Mrs. Wang and their two daughters, who have been visiting in Manila, departed from that city for Hongkong on Jan. 10.

*

George Greel, U. S. Commissioner of the Golden Gate Exposition at San Francisco, announced on Jan. 9 that President Roosevelt had approved requests for an appropriation of U. S. $350,000 for keeping the Exposition open in 1940. It will, however, be necessary for Congress endorse the measure.

*

Mrs. Eleanor Roosevelt, wife of the President, announced on Jan. 9 that she had assumed responsibility for the support of one Chinese orphan resulting from the Sino-Japanese war, and also had adopted a nine-year-old Finnish boy who was living in France. The contributions for the support of the children were being made through an American organization known as the International Save the Children Fund.

*

The Maritime Commission at Washington announced on Jan. 9 that two 35,000-ton trans-Pacific liners are included among 40 or 50 new ships which are scheduled for construction this year. The liners will be constructed in such manner that they may be converted into aircraft carriers in the event of war. When completed they will be operated between San Francisco and Oriental ports. The Commission may also order construction of further ships of this character for service to South America.

The British shipping firm, Mollers' Ltd., has purchased for $3,500,000 (Chinese currency) the business property located at the corner of Avenue Edward VII and the French Bund. The property was owned by the International Savings Society. The plans of the Moller Company for developing the property were not announced.

*

The Shanghai Power Company has started work on a new unit to the plant in Yangtszepoo which will cost approximately Ch.$26,000,000. The new extension had been planned in 1937 but was postponed by the war situation. Power consumption, according to a statement of an official of the company this week, is practically back to the amount consumed in 1937.

*

The U. S. Secretary of Labor, Madame Frances Perkins, on Jan. 9, ordered the cancellation of a warrant for the deportation of Harry Bridges, Pacific Coast labor leader. She cited, as authority for the action, the opinion of Judge James M. Landis, Dean of the Harvard Law School who represented the Department of Labor and the Immigration Bureau in an extended hearing conducted in San Francisco last year. Madame Perkins said that Judge Landis "was in a position to appraise the veracity of witnesses on both sides....and since she could not find an error in the conclusions of the trial examiner, she approved the report and ordered the deportation warrant cancelled."

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INTERNATIONAL DISPENSARY

AND BRANCHES

Breckenridge Long of St. Louis, who served as 3rd Assistant Secretary of State in the Wilson Administration, but resigned to become nominee for U. S. Senate from Missouri, has been appointed Assistant Secretary of State by President Roosevelt. He will succeed George Messersmith, recently appointed Ambassador to Cuba.

*

Walter Doyle, U. S. Customs Collector for Hawaii, on Jan. 9, expressed regret over an article in a Honolulu newspaper alleging that the acting Japanese Consul-General had failed to manifest a shipment of 48 boxes of scrap metal, tin foil, food and other articles consigned to the Tokyo War Office. The cases containing the articles were being shipped aboard the Kamakura Maru, according to the Custom Collector's statement, and since the N. Y. K. Line was responsible, both the company and the captain were fined U. S. $2,000 each for the failure to list the articles on the ship's manifest. The present acting Japanese Consul-General at Honolulu is Binjiro Kuko.

*

Owing to objections of certain groups of creditors the final hearing on the reorganization plan for the Asia Realty Company was postponed to Monday, Jan. 29, according to announcement in the U. S. Court for China on Tuesday of this week. Dr. George Sellett, trustee, stated that he had not foreseen any objections from debenture holders when the original plan was announced. He stated that debenture holders, under the plan, would continue to receive six per cent and draw the principal sum in 1960, hence their objection apparently was due to a misapprehension. Under the plan unsecured creditors would receive slightly more than 35 per cent of their claims, Dr. Sellett stated. One such claimant, the American Church Mission which had more than $500,000 owing it, had agreed to the plan, he stated. He said that any new plan would have to deal fairly with unsecured creditors. N. F. Allman, who appeared for one group of debenture holders, said he had not had sufficient time to investigate the situation due to the Christmas holidays. Two other objectors were J. B. Davies, an attorney, and M. Speelman, director of the International Savings Society. At the previous hearing it was announced that F. P. Bills and George Bourne had purchased the assets of the company for $1,750,000. The Asia Realty Company was one of the defunct Raven enterprises which went bankrupt several years ago, causing heavy losses to a large number of stockholders in Shanghai and elsewhere in China. Frank Raven, head of the concern, was convicted and served a term of imprisonment in the United States. He is now said to be engaged in the real estate business in California.

Sino-Soviet Trade Pact Ratified by the U.S.S.R.

The trade treaty between China and the U.S.S.R. which was concluded at Moscow in June of last year, was ratified last week by the Presidium of the Supreme Soviet, according to an announcement by the official Soviet *Tass* agency.

Ship Companies Accused By Maritime Commission

The U.S. Maritime Commission in Washington, according to a *United Press* dispatch on Jan. 3, accused 12 foreign and two United States steamship companies operating between Japan and the United States of falsifying bills of lading, misclassifying their cargoes and granting illegal rebates on silk cargoes.

The following companies were named in the charge: The Kawasaki Kisen Kaisha, the Kokusai Kisen Kaisha, the Mitsui Bussan Kaisha, the Nippon Yusen Kaisha, the Osaka Shosen Kaisha, the United Ocean Transport Company, the Yamashita Kisen Kabushiki Kaisha, the China Mutual Steam Navigation Company, the Ocean Steamship Company, A. P. Moller Ltd., Wilhelm Wilhelmsen Company, the Canadian Pacific Steamship Company, the American President Lines, and the States Steamship Company.

It was alleged that these companies had favored certain shippers against others by means of preferential rates.

Peiping to Be Cleared Of all British Goods

The Peiping press reported Jan. 7 that the Anti-British Committee, "in view of the large amount of British goods appearing on the market," had decided to clear Peiping of British goods.

A thorough search for British goods, it was stated, would be inaugurated within a few days, after which a definite period would be fixed during which these must be disposed of.

After the expiration of this period, the report added, those found selling British goods would be adequately punished.

Quezon Said Doubtful On P.I. Independence

President Manuel Quezon of the Philippine Commonwealth favors a re-examination of the question of the islands' independence. This fact was disclosed by Sr. Prospero Sanidad, a member of the Philippine National Assembly, in a speech at Santa Maria, Ilocossur, on Jan. 7, according to *United Press*. The speaker reportedly said that President Quezon could not publicly admit he was in favor of a reconsideration of the independence guestion, since it would not square with the stand he took when he was elected to his present high office.

Pocket Submarine Said Developed by Japanese

A report that Japan has developed a three-man "pocket submarine" was commented on in the *Army and Navy Register* in Washington Jan. 6.

The *Register* said the craft was reported to have a 600-mile cruising radius and a surface speed of 36 knots. The vessel is only 18 feet long and is said to have a displacement of 100 tons, the journal reported.

It is propelled by a 100 horsepower diesel engine, the *Register* declared. Two torpedoes are said to be carried in twin tubes in the under-sea craft.

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New Books of Interest in the Far East

Essays on China

CHINA BODY AND SOUL.—Edited by E. R. Hughes. London, Secker and Warburg. 166 pp.

This book is a series of contributions by authors, who as authorities in their respective lines have offered essays on subjects with which they are familiar. The proceeds from the sale of the book are devoted to the relief of distress in China. The editor, E. R. Hughes, gives in the preface a general outline of the work, and tells us that "in a book such as this there can be no ordered progression of thought leading to final conclusions. I have, therefore, after some ineffectual efforts at arrangement, decided to cut the Gordian Knot by using an alphabetical order."

I might suggest that the soul of China is well expressed in the opening lines of the first article, "A Tribute to the Genius of Chinese Painting" by Lawrence Binyon, when the writer quotes from the scroll freshly inscribed in bold Chinese characters with the words "Out of a Thousand Calamities Rises the Everlasting Peace." Were the book to close with Sir Arthur Salter's essay, "China's New Unity," instead of Arthur Waley's "Chuang Tzu and Hui Tsu," we might more effectually see the emergence of that national soul, despite the thousand and one calamities that now threaten it, to new heights of peace and prosperity.

Here we behold the old culture of China renewed like the Phoenix amid the fires of tribulation—art, literature, poetry, philosophy, not buried in the past, but brought to fresh vigor and force to serve as a beacon light for the present and future generations, to lead them to safe harbors of national security and peace.

The danger not only to the body but also to the very soul of the country is well done in the article; "Narcotics in the Far East: An Authoritative Report Based on Extracts from the Minutes of the 22nd Session of the Advisory Committee on the Traffic in Opium and other Dangerous Drugs."

The uplifting of the soul with its consequent influence on the body of China is treated in "China and the Church" by Basil Matthews, a well-documented essay dealing with the Christian church in China, especially during the decade 1928-1938.

The purchaser of this volume will be well rewarded and will help along a very worthy cause.

J. A. L.

Views of an Anti-Nazi

HITLER IS NO FOOL.—By Karl Billinger. Modern Age Books, Inc., New York, 1939. Paper, 198 pages. Price, U.S. 50 cents.

Karl Billinger is a young German now taking out citizenship papers in the United States. He opposed Hitler in the early Nazi days, with the result that he spent many months in a concentration camp. This book sets out to prove what needs no proof, namely, that Hitler is not to be regarded lightly.

When this book was first placed on sale during the second week in September last, there was more than a little timeliness in Billinger's thesis: "the union with Austria is the beginning; the conquest of the world the end of Hitler's program."

With the publication in English of unexpurgated editions of *Mein Kampf*, it was recognized anew how disorganized was the material therein. A study of Hitler's views on any one subject, such as the Jews, democracy, war, necessitated a search through the entire volume. This book brings together Hitler's own statements regarding each topic. "History has seldom offered the opportunity of learning from a dictator himself his most guarded designs before he has been able to carry them out," says Mr. Billinger regarding *Mein Kampf*.

The first sections of the book under review, dealing with Hitler himself and how he came to power, are not so immediate as the last two: How Does Hitler Carry Out His Program? Will Hitler Win? However, in these sections one is faced with such statements as this: "The warning against the deluge of Bolshevism is Hitler's sharpest but not his only weapon in carrying out his plan of conquest." Mr. Billinger amasses evidence to prove his contention that all cultural, economic and political innovations of Hitler's Germany have one thing in common: they all serve war preparation. Recent events certainly substantiate this view. On the question of foreign policy, the alliance with Russia has invalidated much of the argument.

We have yet to see whether or not Mr. Billinger's answer to his own question, "Will Hitler Win?" is the correct one:

> "If an overwhelmingly powerful coalition of nations blocked Hitler's path, if doubts about Hitler's course were transformed into the conviction that he is leading Germany to ruin, the organized anti-fascist movement, now a potent if small force, would become a vast army threatening Hitler's rule."

F. M. R.

Position of Japan in Relation to World War

Japan's position at the commencement of World War 2, and her position when World War 1 broke out in 1914, are the subject of a study by T. A. Bisson, well-known writer on Far Eastern Affairs, in a report issued by the Foreign Policy Association, New York, on Nov. 1, 1939. It is entitled *Japan's Position in the War Crisis*.

Sketching Japan's present-day situation on the economic, military political and diplomatic fronts, the author finds extreme contrasts with 1914, when the position of Dai Nippon was extraordinarily more favorable than it is today.

He believes that Japan and the Powers are likely to reach some sort of compromise on the China issue.

In the United States Court for China

In re Last Will and Testament of MABEL MAY REED, Deceased.

Cause No. 4453
Estate No. 2332
NOTICE OF HEARING
Filed at Shanghai, China,
Dec. 29, 1939.
WILLIAM T. COLLINS
Clerk.

NOTICE OF HEARING

Pursuant to an order herein made, notice is hereby given to all persons interested that the petition of William Albert Reed for probate of the instrument purporting to be the Last Will and Testament of Mabel May Reed, deceased, will be heard on Tuesday, the 5th day of March, 1940, at 10 in the forenoon, in the Court Room of the United States Court for China at Shanghai.

WILLIAM T. COLLINS
Clerk,
United States Court for China.

In the United States Court for China

IN RE CHANGE OF NAME OF ALEX MASLENIKOFF,

Cause No. 4454
Special Proceedings No. 2333
NOTICE
Filed at Shanghai, China,
this 4th day of January, 1940.
WILLIAM T. COLLINS
Clerk.

NOTICE

Notice is hereby given that ALEX MASLENIKOFF, an American Citizen residing in China, has filed his petition in this Court praying for authority to change his name to ALEX MASLENIKOFF BRYNER.

Any person interested may, on or before January 30th, 1940, offer and show to said Court why the said petition should not be granted.

WILLIAM T. COLLINS
Clerk, U. S. Court for China.

and that in this regard the policy of the United States may prove decisive. The speech made in Tokyo by Ambassador Grew on Oct. 19 may, in his opinion, have laid the basis for an approach toward settlement. Two main alternatives are suggested: "restoration of China's territorial and administrative integrity and the open door, or limited concessions to Western nationals and interests within the framework of Japan's 'new order' in East Asia.

"The first alternative holds out the possibility of a Far Eastern settlement which might be expected to achieve some degree of stability. In the second case, Sino-Japanese hostilities might be prolonged indefinitely, with China turning exclusively to the Soviet Union for the means of continued resistance to Japanese aggression; while Western interests would be accorded an uneasy—and undoubtedly temporary—lease of life in the areas of China controlled by Japan's military forces."

Observers out here will find it difficult to agree with Mr. Bisson's flat assertion that Japan's Kwantung Army suffered defeat on the Outer Mongolian frontier at Nomonhan last fall. There was systematic lying by both Japanese and Russians on this subject, but the fact seems to be fairly well established that the Japanese troops did succeed in expelling Soviet troops from what was claimed as Manchukuo territory on the eastern bank of the Khalka River.

Mr. Bisson is on firmer ground in his references to the Japanese military reverse north of Changsha early last October, although subsequent developments tend to suggest that he attaches more significance to the event than it actually warrants.

Royal Tour of Canada

At attractive souvenir booklet illustrating the tour of Canada made by the King and Queen of England last summer has been issued by the Canadian National Railways. The progress of the tour, including the visit of the King and Queen to the United States, is shown in a series of photographs of outstanding quality and excellently reproduced.

China Hong List Out

Making its appearance as the new year gets under way, the 1940 edition of the *China Hong List* came off the press this week. As a supplement to the volume, there is a large map, of Shanghai (65" x 32"). The volume alone sells at Ch.$20, with $3 extra for the map. The map alone is priced at $6. The *China Hong List*, published and printed by the North-China Daily News & Herald, Ltd., is a business and residential directory of all foreigners and leading Chinese in the principal ports and cities of China. It appears once more in the familiar red covers.

Japan-Manchukuo Year Book

The 1940 edition of the *Japan-Manchukuo Year Book*, published in Tokyo by a company bearing the name of the volume, reached Shanghai this week. With its 1,232 pages, apart from numerous pages of advertisements, it must be the bulkiest reference volume published in the Far East. Because of its great bulk, the publishers have printed the main body of the volume on light paper, and it is well-bound in green limp imitation morocco covers. A large map of Japan and Manchukuo goes with the volume, which is a mine of information. Especially helpful is the well-prepared index and the extensive bibliography published as an Appendix.

British Soldiers Accused Of Raping Chinese Woman

Two British soldiers on duty on the Western perimeter of Shanghai were charged in a local *Domei* report on Jan. 4 with having raped a Chinese woman in their rest hut on Jessfield Road. Tan Hsiao-mai, 26 years old, was said to have been the victim.

She reportedly said that she was going to the Toyoda Spinning and Weaving Company's plant, having been hired by Liu Kung-sheng, an employment agent, and was passing the British military post when two British soldiers standing by the road dragged her into the hut and there criminally assaulted her.

Liu, who had been accompanying the woman, told "Ta Tao" police that he noticed she was missing only as he was about to enter the mill. He then went back and as he approached the British post heard a woman screaming. He called Constable Hsiao who entered the hut and found the woman in a dishevelled state, together with the two British soldiers.

Deny American Woman Was Punched by Nippon Sentry

While an official Japanese reply to the note of the local American Consulate-General (dated Dec. 28) regarding the alleged punching of Miss Frances Donaldson, an American woman, by a Japanese sentry on the Szechuen Road bridge on Dec. 20, was expected to be made some time this week, a Japanese Embassy spokesman declared on Thursday of last week that "minute investigations" by the Japanese naval authorities, on the basis of information contained in the American note, had failed to substantiate Miss Donaldson's accusation.

Miss Donaldson, meanwhile, had lodged a written statement with the American Consulate-General in which she reiterated her charge of assault.

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